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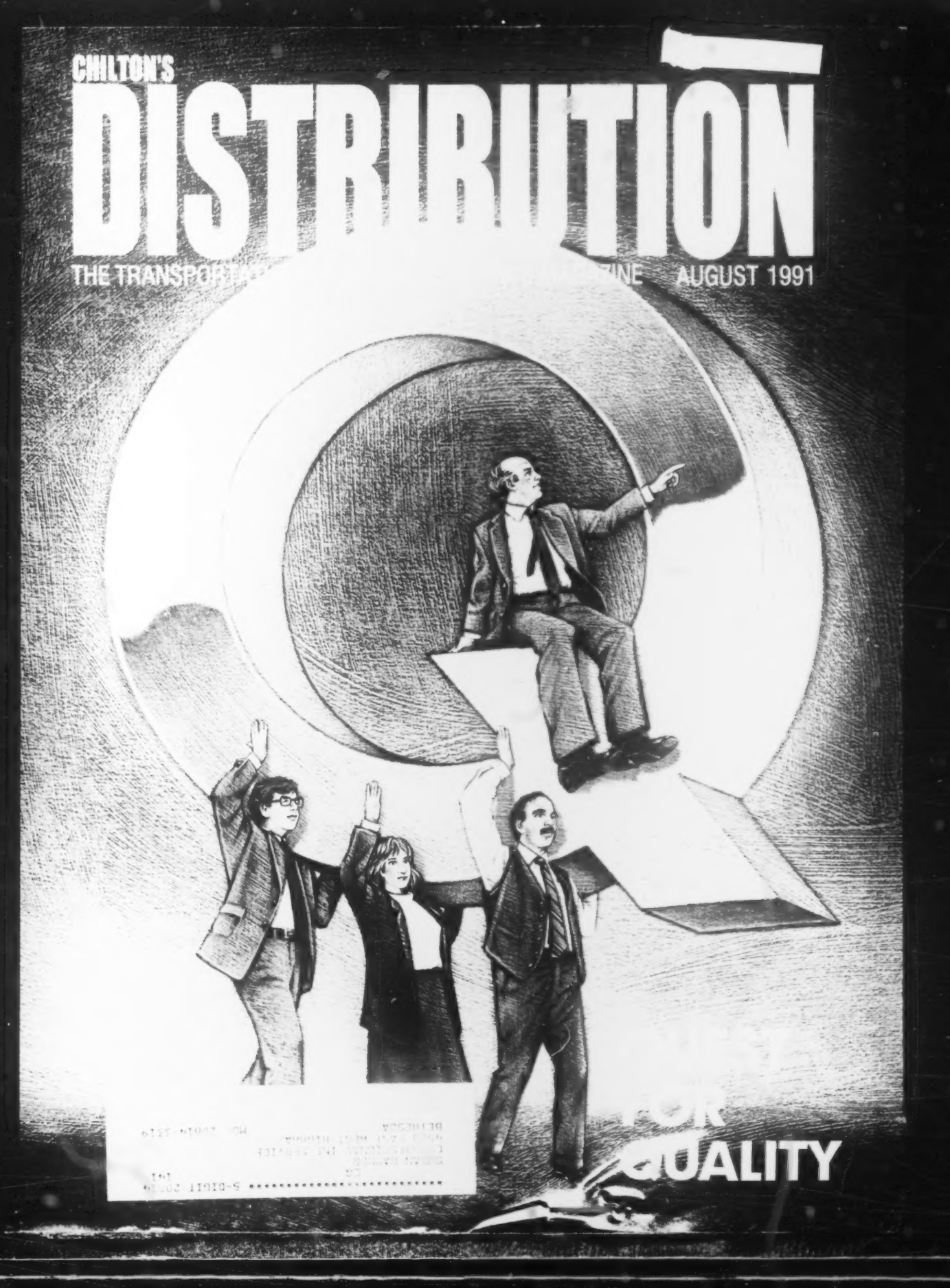

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AUGUST 1991

CHILTON'S
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THE TRANSPORTATION & BUSINESS LOGISTICS MAGAZINE

VOL. 90, NO. 9

COVER STORY

28 QUEST FOR QUALITY

Quality carriers don't just produce good performance reports – they build solid relationships with customers. In our eighth annual Quest for Quality survey, shippers rate the carriers they use, as they seek out those that will take the time and effort to learn their business, constantly improve performance and work toward a long-term relationship.

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QUEST FOR QUALITY

In our eighth annual Quest for Quality survey, the nation's shippers rate their carriers and select those that set the standard for logistics excellence.

Relationships. To be perceived as a Quality carrier, transportation companies must build solid relationships with customers—not just produce good performance reports. Shippers participating in our eighth annual Quest for Quality survey say they welcome closer relationships with their carriers; in fact, they seek out those that will take the time and effort to learn their business, constantly improve performance and work toward a long-term relationship.

Both shippers and carriers stand to gain. Earl Brinkley, distribution manager for John Deere Co., says his relationship with one carrier has constantly improved, to the point where his company now receives 99.2 percent on-time delivery and 100 percent on-time pickup. "In a word," he says, "they provide 'professionalism'; no gifts, no dinners, just excellent professional service."

Jim Bradley, traffic manager for Chatham Mfg. Co., stays by his carrier even though it doesn't offer "exorbitant discounts."

"What constantly impresses me," he says, "is the quality of its employees, who are loyal to the company and dedicated to serving its customers."

But the quantitative data in this Quest for Quality report also reflects shippers' critical concern about quality. The scores on the following pages are based on responses we received from shippers who regularly use the carriers they rated. Respondents used a three-point scale in their ratings with "1" being poor, "2" being average and "3" being outstanding.

In our direct mail surveys, we asked shippers to rate carriers in five performance categories:

- ***On-time performance:*** *on-time pickup & delivery; consistent, dependable schedules and transit times*
- ***Equipment & operations:*** *equipment availability; condition of equipment; helpfulness of drivers and staff; frequency and severity of loss & damage; safety*
- ***Value:*** *competitiveness of rates with carriers offering similar services; relationship of prices to service levels provided; simplicity of tariffs or contract prices*
- ***Customer service:*** *willingness and ability to quickly answer inquiries and solve problems; promptness of claims settlement; EDI capability*
- ***Sales staff:*** *knowledge of shipper needs and carrier capabilities; responsiveness to special requirements; frequency, regularity and effectiveness of sales calls.*

Our report recognizes as "Quality Carriers" only those transportation companies that excel in all five performance categories (see page 30). These carriers have set a quality standard in that they have:

- Identified shipper needs and developed innovative services to meet them
- Performed those services reliably and consistently
- Offered those services at reasonable prices
- Made doing business with them convenient
- Sold their services only after learning about the shipper's business
- Developed trust-based relationships with their customers.

THE QUEST FOR QUALITY SURVEY

The quantitative data in this report was provided by a series of direct mail questionnaires, each focusing on a specific mode of transportation. Regional surveys were developed for LTL carriers. Samples were developed for each questionnaire and were drawn from DISTRIBUTION Magazine's subscriber list. Survey candidates were selected based on size, geographic location and known usage of that type of transportation. Survey returns were reviewed for authenticity and edited to ensure consistent data. Tabulation and report preparation was done by CRS Inc., the fifth largest business-to-business research company in the U.S.

The scores reported in this survey are not intended to serve as a way of ranking carriers, and DISTRIBUTION Magazine advises shippers to ignore such improper attempts to use the scores in this report. DISTRIBUTION prohibits any reproduction or use of material in this article without the express written permission of the publisher.

DISTRIBUTION'S 1991 QUALITY CARRIERS

NATIONAL LTL CARRIERS
Consolidated Freightways
Roadway Express, Inc.
Yellow Freight System, Inc.

SURFACE PACKAGE CARRIERS
United Parcel Service

INTERREGIONAL LTL CARRIERS
Churchill Truck Lines
NW Transport Service, Inc.
Preston Trucking Co., Inc.
Watkins Motor Lines

REGIONAL LTL CARRIERS
Northeast
A. Duie Pyle, Inc.
New Penn Motor Express
TNT Red Star Express

REGIONAL LTL CARRIERS
South/South Central
Arkansas Freightways, Inc.
Averitt Express
Con-Way Southern Express
Con-Way Southwest Express
Southeastern Freight Lines, Inc.

REGIONAL LTL CARRIERS
Midwest/North Central
TNT Dugan
TNT Holland Motor Express

REGIONAL LTL CARRIERS
West
TNT Bestway Transportation
TNT Reddaway

TRUCKLOAD & CONTRACT CARRIERS
Crete Carriers Corporation
J.B. Hunt Transport
M.S. Carriers, Inc.
Schneider National
Werner Enterprises

MAJOR RAIL SYSTEMS
Burlington Northern Railroad
Norfolk Southern Corporation
Union Pacific Railroad
Wisconsin Central Ltd.

INTERMODAL OPERATORS & STACK TRAIN SERVICES
Burlington Northern Intermodal
Maersk

RAIL THIRD PARTIES
American President
Distribution Services

AIR EXPRESS CARRIERS
Federal Express Corporation

PASSENGER/CARGO AIRLINES
Alaska Airlines
Delta Air Lines, Inc.
Lufthansa German Airlines
Singapore Airlines
United Airlines

CONVENTIONAL AIRFREIGHT FORWARDERS
Associated Air Freight, Inc.
Kintetsu World Express

WATER CARRIERS
American President Lines
Crowley Maritime TMT
Maersk Line
Neptune Orient Lines
OOCL (USA) Inc.
Sea-Land Service, Inc.

DISTRIBUTION's designation of these companies as Quality Carriers means that each has received ratings at or above average in all five performance categories: on-time performance, value of service, equipment and operations, customer service and sales staff effectiveness.

Quality in Trucking
LTL Carriers

National LTL carriers have an especially demanding role because shippers expect them to flawlessly perform every type of trucking service, from cross-country movements to overnight delivery. Our survey points out that the large national fleets fill their multiple roles extremely well.

"We use one of the big three LTL carriers to provide us with quick service to distant places at competitive rates," says Steve Gullett, distribution manager for Manco, Inc. in Hickory, N.C. "This carrier has made us look good, especially shipping to the West Coast."

Donna Brisbin of Fleetwood Systems in Orlando, Fla., praised another national carrier for its flexibility: "They always pick up promptly, even when we have strange or oversized loads," she says. "They have good delivery times and we have few problems with collect shipments, which are sometimes a major problem for some carriers."

Shippers were especially impressed with the training, knowledge and commitment of the sales people for national LTL carriers. Average sales effectiveness scores for these carriers were higher than those for any other type of LTL carrier.

"Our carrier's sales people, drivers and terminal managers are willing to be educated about the product we ship," says Becky Moss, freight traffic manager for Young Electric Sign Co. in Salt Lake City, Utah. "This helps reduce claims and speed up service."

The nationals also rated higher than most LTL carriers on their equipment and operations abilities. "Our national carrier is always willing to allocate large amounts of equipment in a timely fashion," says T.A. Carr, materials manager for SW Manufacturing in Smithville, Tenn. "They will also spot trailers, move equipment and provide other services not negotiated for at no charge."

Shippers did not have as good an impression of interregional carriers, which have the difficult task of competing with both regional and national LTL carriers. Average on-time performance scores for interregionals were lower than other LTL carriers. Several interregionals received excellent scores, however, indicating that shippers appreciate good service regardless of the type of LTL carrier. Hodge Bryan of Aerostar International in Sioux Falls, S.D., says his company depends on one interregional carrier because "its transit times are at least one day better than anyone else's to most areas."

NATIONAL LTL CARRIERS

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	**2.27**	**2.21**	**2.32**	**2.25**	**2.21**
ABF Freight System	2.16	2.15	2.24	2.15	2.06
Carolina Freight Carriers	2.15	2.07	2.23	2.17	2.09
Consolidated Freightways	**2.38**	**2.27**	**2.39**	**2.34**	**2.34**
Overnite Transportation	2.23	**2.21**	2.19	2.09	2.04
Roadway Express	**2.27**	**2.23**	**2.34**	**2.29**	**2.27**
Yellow Freight System	**2.34**	**2.24**	**2.40**	**2.34**	**2.32**

INTERREGIONAL LTL CARRIERS

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	**2.18**	**2.16**	**2.14**	**2.13**	**2.10**
ANR Freight System	1.99	2.01	1.92	1.95	1.91
Central Transport	2.12	**2.18**	2.00	2.04	2.06
Churchill Truck Lines	**2.25**	**2.18**	**2.19**	**2.15**	**2.20**
Frozen Food Express	2.00	1.89	2.11	2.11	1.88
NW Transport Service	**2.45**	**2.25**	**2.41**	**2.28**	**2.30**
Old Dominion Freight Line	2.10	2.15	2.09	**2.13**	2.07
Preston Trucking Company	**2.29**	**2.22**	**2.28**	**2.29**	**2.24**
Watkins Motor Lines	**2.21**	**2.20**	**2.32**	**2.21**	**2.20**

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

Quality in Trucking
LTL Carriers

Shippers in the Northeast and Midwest share similar opinions about their LTL carriers. The scores in our survey for these shippers show they appreciate on-time performance, consistency and a willingness to meet difficult requests. A special challenge in the Northeast is delivery to crowded cities.

"We have found a carrier that provides superior delivery times into the Northeast," says Randy Marts, traffic manager for Medrad, Inc. of Indianola, Pa. "This carrier offers reliable overnight service into New York City, which is hard to find. To date, we have never had a damage claim." Marts also notes the importance of helpful carrier sales people. "The sales rep for this carrier is one of, if not *the* most knowledgeable in the Pittsburgh area," he says, "even though he is new to this region."

Once these shippers find a carrrier that performs, they stick with it.

"I once called two carriers we frequently use for a pickup at 3:30 p.m., but they refused," says Elly Robinson, shipping coordinator for Panel Processing in Coldwater, Mich. "I then called a new carrier in the area that found the time for us and made room on its trucks. They now get most of our business."

Although we didn't ask shippers about financial stability, a number of respondents said the carrier's finances have become a part of their Quality evaluation. "We use one of the strongest carriers in the Northeast and Middle Atlantic," says Dale Sheehan, transportation analyst for Conair Corp. in East Windsor, N.J. "They are financially sound, which is important today. This financial strength helps them give exceptional on-time delivery and hire knowledgeable, professional people."

REGIONAL LTL CARRIERS—MIDWEST/NORTH CENTRAL

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	**2.30**	**2.16**	**2.26**	**2.21**	**2.11**
Advance Transportation	2.23	2.10	2.10	2.12	2.08
Alvan Motor Freight	2.14	2.10	2.14	2.00	2.05
Con-Way Central Express	**2.63**	2.15	**2.54**	**2.46**	**2.41**
Foreway Express	2.17	2.12	2.24	2.10	2.00
Gross Common Carrier	2.07	1.92	2.05	2.10	1.82
Hyman Freightways	2.04	2.14	2.11	2.09	2.00
Jones Transfer (MI)	1.97	1.97	1.86	1.88	1.69
O.K. Trucking	2.10	**2.18**	1.98	2.08	1.92
Spartan Central Express	2.16	**2.20**	2.20	2.07	1.82
TNT Dugan	**2.44**	**2.31**	**2.44**	**2.31**	**2.20**
TNT Holland	**2.50**	**2.33**	**2.44**	**2.37**	**2.28**

REGIONAL LTL CARRIERS—NORTHEAST

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	**2.29**	**2.18**	**2.23**	**2.21**	**2.15**
A. Duie Pyle	**2.53**	**2.34**	**2.37**	**2.39**	**2.24**
APA Transport	2.25	2.12	**2.25**	2.15	2.14
Guaranteed Overnite Delivery	2.21	1.95	2.07	2.02	1.86
New England Motor Freight	1.96	1.96	1.94	1.87	1.84
New Penn Motor Express	**2.49**	**2.18**	**2.30**	**2.29**	**2.16**
North Penn Transfer	2.10	2.10	1.95	2.08	2.07
St. Johnsbury Trucking	2.26	**2.19**	**2.27**	**2.26**	**2.17**
TNT Red Star	**2.50**	**2.37**	**2.45**	**2.42**	**2.38**
Ward Trucking	2.23	**2.20**	2.13	2.12	2.03

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

Quality in Trucking
LTL Carriers

Less-than-truckload customers in the South and South Central U.S. may be the best-served shippers in the nation, judging from the scores and comments received in our survey. The average scores for LTL carriers in this part of the country were higher than for all other LTL carriers in nearly every performance measurement.

LTL carriers in the South especially excelled in on-time performance.

"Our carrier gives us over 99 percent on-time deliveries, and pickups will not vary more than 15 minutes 99 percent of the time," says Thomas R. Rhyne, traffic administrator for Joslyn Clark Control in Lancaster, S.C. "Also, they handled 946 shipments last year without a claim."

"Our regional carrier gives us consistent, dependable deliveries, including Saturdays, and they go the extra mile to assist with things like free pallets," says Joe Corder, distribution center manager for Johnstone Supply in Memphis, Tenn.

Many northern shippers using LTL carriers based in the South report extraordinary effort from these companies. "We get next-day service from origin points in Georgia to our plant in northern Indiana from our leading regional carrier," says Ron Peerman, manager-shipping & receiving for Flanders Electric Motor Service in Evansville, Ind. "On several occasions when a shipment was picked up in Georgia, this carrier opened its terminal in Owensboro, Ky., so we could get our shipment on Saturday instead of waiting until Monday."

Ted Baker, director of distribution for Nutri/System of Blue Bell, Pa., agrees: "From the first day, one regional carrier has far exceeded our requirements and expectations," he says. "We have difficult deliveries, and we have always experienced start-up problems when we bring on a new carrier. Not with this one. We did not receive one phone call."

Shippers also point to superior customer service from LTL carriers in the South when it comes to accurate billing and problem resolution.

"I recently switched to a major carrier based in the South and their response to our company's needs has been outstanding," says Robert Discher, senior vice president for Vispac Inc. in Livonia, Mich. "Their invoicing accuracy is excellent."

"Our carrier has handled over 6,000 shipments for us with less than .5 percent customer complaints or incidents," adds Ken Durwin, supervisor-transportation pricing, Olin Corp., Stamford, Conn.

Shippers also appreciate it when carriers have quality personnel. "Our carrier's salespeople know their limitations, and they don't promise what they can't deliver," says James W. Ball, procurement and traffic manager for Sauces Unlimited in San Antonio, Texas.

"Our carrier has provided extraordinary service to our southeastern distribution center," adds R. Tony Jordan, warehouse manager for Freightliner Corp. in Duluth, Ga. "They have the most dependable and courteous staff I have ever dealt with, from their drivers and terminal managers to their sales and customer service representatives."

REGIONAL LTL CARRIERS – SOUTH/SOUTH CENTRAL

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	***2.38***	***2.24***	***2.31***	***2.25***	***2.16***
AAA Cooper Transportation	*2.33*	*2.13*	*2.27*	*2.22*	*2.07*
Arkansas Freightways	***2.54***	***2.42***	***2.54***	***2.34***	***2.40***
Averitt Express	***2.50***	***2.37***	***2.48***	***2.43***	***2.30***
Central Freight Lines (TX)	***2.39***	*2.09*	*2.24*	*2.12*	*1.97*
Con-Way Southern Express	***2.41***	***2.27***	***2.47***	***2.35***	***2.27***
Con-Way Southwest Express	***2.56***	***2.34***	***2.59***	***2.42***	***2.42***
Estes Express Lines	*2.29*	*2.13*	*2.07*	*2.17*	*2.09*
Merchants Fast Motor Lines	*2.22*	*2.11*	*2.07*	*2.02*	*1.89*
Red Arrow Freight Lines	*2.27*	*2.00*	*2.15*	*2.15*	*2.00*
Sala Motor Freight	*2.33*	*2.14*	*2.25*	*2.14*	*2.05*
Smalley Transportation	*2.14*	***2.24***	*2.05*	*2.00*	*2.06*
Southeastern Freight Lines	***2.61***	***2.40***	***2.49***	***2.50***	***2.31***
Spartan Express South	*2.33*	***2.27***	*2.29*	***2.25***	***2.22***
Transus	*2.23*	***2.34***	*2.19*	*2.21*	*2.10*

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

Quality in Trucking

LTL Carriers

Shippers in the West are a demanding lot, according to our survey. Average scores for most categories were slightly lower than for other regions of the country, especially in sales force effectiveness. But comments about specific carriers indicate that excellent service breeds loyalty among these shippers.

"Our western carrier provides on-time pickups 100 percent of the time, on-time delivery 98 percent of the time and has a claims ratio of less than 0.4 percent," says Michael Margulis, traffic manager for Meldisco in Rancho Cucamonga, Calif. "They have no problem with unusual requests, such as a Saturday pickup, and they have sales and operations people who know my business and respond quickly to my needs."

Shippers point out that mountains, isolated communities and other peculiarities of western states create unique service requirements. These shippers are appreciative of carriers that consistently meet these special needs.

"Besides the usual overnight delivery from the Los Angeles and San Francisco Bay areas, our regional LTL motor carrier handles deliveries to all of our outlying districts and power plants," says Don Nielsen, traffic administrator for Sierra Pacific Power Company in Reno, Nev. "On more than one occasion, this carrier has provided immediate, straight-through emergency deliveries to our power plants during an outage."

Shippers also gave high marks to specific carriers for excellent operations and cooperation.

"Our carrier in the West cares about its customers and goes the extra mile for them," says Tom Stawarski, traffic manager for the Amurol Products division of Wm. Wrigley Co. in Naperville, Ill. "When problems occur, only one phone call is needed to solve them. You can call them and forget it."

Surface package services are viewed as a special type of LTL carrier, and shippers in our survey judged them by the same standards they use to measure conventional trucking companies. In three of the five performance categories, the package carriers as a group compared favorably with other LTL carriers, especially in value and operations. Shippers apparently agree that parcel carriers deserve the reputation they've developed for engineering efficiency and low prices. But the group compared less favorably in customer service and sales effectiveness.

"The only area in which our parcel service is lacking is in on-call pickup," says Steve Bresuer, purchasing manager for Delaware Valley Block in Port Jervis, N.Y. "They are price competitive, responsive and cover a broad geographic area."

REGIONAL LTL CARRIERS—WEST

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	**2.31**	**2.17**	**2.34**	**2.18**	**2.09**
Con-Way Western Express	2.29	**2.24**	**2.43**	**2.21**	**2.16**
DiSalvo Trucking	2.16	2.02	1.89	1.73	1.72
G.I. Trucking	1.95	2.01	2.10	1.90	1.90
Lynden Transport	2.19	2.06	2.31	**2.25**	1.94
TNT Bestway Transportation	2.35	**2.23**	**2.38**	**2.22**	**2.22**
TNT Reddaway Truck Line	**2.67**	**2.48**	**2.58**	**2.52**	**2.47**
TNT United	**2.33**	2.04	2.26	2.11	**2.12**
Viking Freight System	**2.34**	2.07	**2.39**	**2.21**	2.00
Willig Freight Lines	2.25	2.08	2.33	2.11	1.95

SURFACE PACKAGE CARRIERS

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	**2.24**	**2.26**	**2.40**	**1.97**	**1.85**
Roadway Package System	2.10	**2.28**	2.30	**2.10**	**2.08**
United Parcel Service	**2.51**	**2.40**	**2.60**	**2.09**	**1.93**
U.S. Postal Service	1.87	1.99	2.12	1.67	1.53

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

Quality in Trucking
TL Carriers

Shippers gave their truckload carriers some of the highest scores in our survey for three out of the five performance categories. In only one category – sales force effectiveness – did shippers find most TL carriers lagging most other modes of transportation. TL carriers especially excelled in the value category.

A surprising number of shippers said value, not just cost, was their primary measure of quality and that TL carriers provided greater value than any other type of carrier.

"One of our primary TL carriers provides tremendous flexibility and responsiveness to varying shipper needs," says Steve Sukovich, distribution manager for Procter & Gamble in Jackson, Tenn. "I never have problems with their reliability; they provide on-time pickup and delivery and suitable equipment. They are a higher cost carrier, but they're a good value."

Average TL carrier scores were also extremely high in the equipment and operations category. Shippers using the larger TL companies expressed the most satisfaction.

"We use a major truckload carrier because it has an ample supply of equipment along with knowledgeable and experienced dispatchers," says Gary Tebbe, traffic manager for Benjamin Ansehl Co. of St. Louis, Mo. However, even smaller truckload carriers had their share of enthusiastic customers.

"Our favorite truckload carrier is not one of the largest, but it provides consistent on-time pickup and delivery and is creative in suggesting ways we can work together to reduce costs and increase service," says Paul Puttkammer, manager of traffic operations for Storage Technology Corp. in Louisville, Colo.

Nor did most shippers seem to care whether or not their carriers had company-owned equipment or used owner operators.

"We have been extremely pleased with our TL carrier, which uses 100 percent owner operators," says C.L. Taylor, traffic manager for BICC Cables Corp. of DuQuoin, Ill. "They have the best service of the 50 TL carriers we use. Their sales and dispatch staffs are knowledgeable and helpful, their drivers are treated with respect and act accordingly. There is excellent communication overall."

For most TL shippers, the ability of the carrier to solve their immediate needs was *the* commanding measure of carrier quality.

"Our best TL carrier is versatile in that it provides flatbeds, vans and reefers," says Doug Morris, transportation manager for Pacific Southwest Container in Modesto, Calif. "They pick up in hours and their drivers are friendly and informed. They don't make their problems my problems."

For many shippers, the immediate need they constantly expect carriers to meet is to make quick pickups and provide rapid transit times.

"Our primary TL carrier routinely provides regular pickup and delivery, but what sets this carrier apart is its willingness to come through when we need a team driver unit to move a hot load fast," says Marshall Gode, traffic manager for Pave Mark Corp. in Atlanta.

TRUCKLOAD & CONTRACT CARRIERS

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	***2.26***	***2.23***	***2.30***	***2.14***	***2.00***
Builders Transport	***2.29***	***2.31***	*2.08*	***2.17***	*1.62*
Burlington Motor Carriers	*2.09*	*2.00*	*2.20*	*1.89*	***2.00***
CRST	*2.14*	***2.23***	*2.15*	*2.08*	*1.64*
Contract Freighters	***2.70***	*2.20*	***2.50***	*2.00*	***2.00***
Crete Carriers	***2.40***	***2.40***	***2.50***	***2.44***	***2.44***
Dart Transit	*2.10*	*2.10*	*2.10*	*1.90*	*1.90*
Freymiller Trucking	*2.00*	***2.25***	***2.50***	***2.25***	***2.00***
J.B. Hunt Transport	***2.52***	***2.41***	***2.59***	***2.28***	***2.14***
M.S. Carriers	***2.50***	***2.25***	***2.56***	***2.44***	***2.06***
North American V.L. Comm.	*1.80*	*2.20*	*2.20*	*1.70*	***2.00***
Poole Truck Line	***2.30***	***2.30***	*2.10*	*2.00*	***2.11***
Ranger Transportation	***2.31***	*2.00*	*2.19*	*2.13*	*1.93*
Schneider National Carriers	***2.28***	***2.26***	***2.50***	***2.41***	***2.31***
Werner Enterprises	***2.50***	***2.48***	***2.57***	***2.35***	***2.10***

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

Quality in Rail Service

Railroads

Average scores for major railroads were uniformly low. Value and sales force effectiveness were particularly sore spots, though in the sales category railroads did garner better marks than their competitors in the truckload industry.

"We are serviced by only one railroad and they haven't learned how to spell quality yet," complains Darrel Copeland, manager of transportation services for Roseburg Forest Products in Roseburg, Ore.

Carl Hoy, distribution manager for Cargill, Inc. in Dayton, Ohio, says he is served by two rail carriers—with distinctly different approaches to service. One carrier has consistently better transit times, sometimes as much as two days, for shipments moving the same distances to the same destinations. In addition, he singles out the faster carrier for helping him meet one of his critical objectives. "Good utilization of our 600-car rail fleet is important to us," Hoy says. "If we need information on the location of a car, we can get it either through their 800 number or by calling our account rep directly. If a car is hung up somewhere, these people are responsive to us."

Another category in which his two carriers differ is equipment supply. Cargill moves some products in hopper cars, and while this equipment is still fairly easy to find, one railroad, in an effort to cut expenses, has begun shrinking its fleet of these cars by attrition. While the rates that carrier charges him to move freight in a car that he supplies are lower, he says they are not fully compensatory. Meanwhile, the other carrier he uses has invested in its hopper car fleet.

Hoy also finds that billing accuracy, though not a major problem, is a constant thorn. "As far as billing accuracy goes, things have been static," he says. "There are 'X' number of bills wrong each month."

His intermodal agent has performed well, but Marty Fulbright, general manager of Contour Packaging in Kansas City, Kan., is frustrated with the quality of his rail service. He remembers the first time he tried to ship to a new customer in California. "I went to a lot of trouble to get this shipment together," he says, "and then the railroad dropped the ball." The shipment sat on a rail ramp for eight days, and Fulbright almost lost the customer. He's shipped truckload to that customer ever since.

Despite the relatively low scores, however, shippers recognized their rail carriers for high performance levels in certain categories.

"Our carrier has excellent transit times to key areas," says Lonnie Maggart, manager of transportation at Central Soya Co., Fort Wayne, Ind.

"The carrier we use consistently does a good job and saves our company money," adds Ken Kirkpatrick, manager of distribution for Blue Diamond Growers in Sacramento, Calif.

"Our carriers have faster intermodal service and faster interchanges than the competition," says John Lynch, vice president of Government Suppliers Consolidation Services, Havertown, Pa.

MAJOR CLASS I RAILROADS

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	***2.14***	***2.06***	***2.15***	***2.12***	***2.09***
Burlington Northern	***2.27***	***2.15***	***2.29***	***2.20***	***2.12***
CSX Transportation	*2.11*	*2.00*	***2.19***	***2.16***	*2.00*
Canadian National	*2.10*	*2.00*	***2.20***	*2.10*	***2.10***
Canadian Pacific	***2.20***	***2.15***	*2.13*	***2.27***	*2.08*
Chicago & North Western	*2.00*	***2.13***	*2.09*	***2.13***	***2.10***
Conrail	***2.19***	***2.11***	*2.07*	*2.11*	*2.04*
Florida East Coast	***2.23***	***2.08***	*2.00*	*2.00*	*2.08*
Grand Trunk Western	*2.10*	*1.88*	*2.00*	*1.90*	*1.80*
Illinois Central	*2.00*	*1.85*	*2.00*	*1.90*	*1.89*
Norfolk Southern	***2.20***	***2.06***	***2.30***	***2.13***	***2.22***
Santa Fe (AT&SF)	*2.10*	***2.08***	*2.10*	*2.05*	*2.00*
Soo Line	***2.14***	*2.05*	*2.00*	***2.24***	*2.05*
Southern Pacific Line	*2.00*	*1.90*	*2.00*	*1.88*	*2.00*
Union Pacific Line	***2.23***	***2.20***	***2.24***	***2.33***	***2.36***
Wisconsin Central	***2.50***	***2.33***	***2.50***	***2.33***	***2.25***

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

Quality in Rail Service
Intermodal Carriers

Scores for intermodal operators and rail third parties were among the highest overall marks for any mode in the survey. Intermodal operators rated especially high in on-time performance, value and sales effectiveness; in fact, scores in these areas were tops in the poll. Third parties—shippers agents and consolidators—scored well in customer service and sales effectiveness. It's interesting to note that average scores for these companies compared favorably with those for truckload carriers—which they usually compete against.

Shippers understand the tradeoffs between price and service when evaluating intermodal service; transit times that are a day or two slower than truck do not deter them. Mark A. Schroeder, supervisor of sales administration for The Montague Co. in San Francisco says his intermodal carrier's transit times from California to Florida may be seven to 10 days, where a truckload carrier could have it there in five. But the pricing is commensurate, and, more important, his carrier always calls and gives him the routing of his shipments ahead of time. "They know what the transit time will be based on the railroad routing, and it rarely varies by more than a day," he says. Since he does the company's production scheduling, consistent transit times are crucial.

It helps, Schroeder adds, that the carrier has an excellent relationship with its drayage agents. This helps him to get equipment picked up and delivered when he needs it. "They are a no-nonsense type of operation," he says.

The development of close working relationships between intermodal shippers and carriers apparently has gone beyond the "hype" stage.

"Our shippers' agent provides a valuable intermodal service in that it helps plan our total movement and consolidation service for us," says Alan Murakami, a transportation analyst with Mitsubishi Electronics America in Cypress, Calif.

"Our third party has always given us competitive pricing, but more importantly, they understand the concept of customer service," says Paul Higgins, traffic manager for Rich's Department Stores in Salem, Mass. "They don't just pay lip service to it."

A carrier his company has singled out "does the best job of making delivery appointments and effecting delivery," says Dan Garland, director of transportation for Tri Valley Growers in San Francisco.

A crucial link in these relationships is the intermodal sales rep. "I judge a carrier by the rep that calls on me," says Mark A. Schroeder of The Montague Co. He says his rep's knowledge of rail vs. truck is excellent. "She knows how truckers move freight through their systems, and she knows about piggyback and containers. Her follow-up is excellent, and she gets things done." He's also impressed that she's been with the same company for some time. In an industry where turnover is routine, stability is a welcome change.

RAIL THIRD PARTIES

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	***2.24***	***2.22***	***2.17***	***2.30***	***2.28***
American Pres. Dist. Services	***2.38***	***2.38***	***2.25***	***2.31***	***2.31***
Alliance Shippers	*2.19*	*2.13*	*2.13*	***2.38***	***2.50***
GST Corporation	***2.27***	*2.18*	*1.80*	***2.45***	***2.45***
The Hub Group	***2.28***	***2.24***	***2.36***	***2.36***	*2.16*

INTERMODAL OPERATORS & STACK TRAIN SERVICES

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	***2.51***	***2.34***	***2.36***	***2.23***	***2.29***
American Pres. Intermodal	*2.46*	***2.36***	***2.39***	*2.21*	*2.25*
Burlington Northern Inter.	***2.69***	***2.54***	***2.46***	***2.23***	***2.31***
CSX Intermodal	*2.36*	*2.09*	*2.18*	***2.27***	*2.27*
Maersk	***2.67***	***2.44***	***2.67***	***2.33***	***2.78***
Mitsui O.S.K. Lines	***2.67***	***2.50***	***2.67***	***2.33***	*2.17*
Santa Fe (AT&SF)	*2.40*	*2.20*	*2.10*	*2.20*	*2.22*

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

Quality in Airfreight
Cargo & Express Carriers

Shippers have a high regard for the capabilities of most all-cargo airlines, judging by their ratings. All-cargo carriers received some of the highest average scores in the survey for on-time performance, value and equipment & operations.

Dedicated cargo lift was a major consideration for many shippers.

"Carriers with their own planes are in total control of their freight," says Leann Baker, corporate traffic, Harter Group, Middlebury, Ind. "This lift reduces freight bumping and speeds deliveries."

The reason most shippers use all-cargo carriers is to meet specific service needs, and they rated their carriers primarily on how well they performed specific assignments.

"I needed to transport a valve from Houston to Bellingham, Mass., an off point," says J.A. Vasconcellos of Fluor Daniel, Inc. in Sugarland, Texas. "My all-cargo carrier arranged it all and it was delivered the next day so that workers could install it the same day. That's performance."

Air cargo shippers do not hide the fact that they are very demanding of their carriers, but they also recognize carriers that truly go out of their way to provide an extra measure of service.

"The cargo carrier I use is one of the few carriers that actually fly into Reno," says Don Nielsen, traffic administrator for Sierra Pacific Power Co. in Reno, Nev. "They have performed miracles for us in numerous emergency situations, such as when one of our power plants is down. They have arranged delivery to our outlying locations, even in the early hours of a Sunday morning."

The air express industry's reputation for high reliability is clearly reflected in their scores in our survey. Shippers say they feel more comfortable dealing with these carriers than with any others.

"When we turn over a package to our express company, we know it will be handled properly and delivered on time," says Michael Brink, distribution manager for Massey-Ferguson in Stockton, Calif. But shippers said they also hold air express carriers to a higher standard than carriers in most other modes of transportation.

"I chose our express carrier because I have data that shows it consistently picks up and delivers on time, maintains excellent shipment control, and handles claims well," says George Yarusavage, corporate manager of transportation for GTE in Stamford, Ct.

ALL-CARGO AIRLINES

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	**2.33**	**2.21**	**2.38**	**2.14**	**2.03**
Airborne Express	2.22	2.19	2.24	2.07	1.91
Burlington Air Express	2.16	2.19	2.27	**2.16**	**2.15**
Emery Worldwide	2.09	2.11	2.18	2.06	**2.14**
Federal Express	**2.69**	2.18	**2.61**	**2.34**	**2.05**
Nippon Cargo Airlines	**2.42**	2.16	2.32	**2.26**	2.00
United Parcel Service	**2.39**	**2.38**	**2.54**	1.99	1.89

AIR EXPRESS CARRIERS

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	**2.33**	**2.20**	**2.33**	**2.09**	**1.94**
Airborne Express	2.31	**2.31**	2.27	**2.15**	1.90
Burlington Air Express	2.19	2.19	2.28	**2.14**	**2.12**
DHL Worldwide Express	**2.35**	2.19	2.18	**2.11**	**1.96**
Emery Worldwide	2.10	2.09	2.13	2.07	**2.09**
Federal Express	**2.73**	**2.25**	**2.63**	**2.37**	**2.11**
TNT Express Worldwide	2.23	2.00	2.16	1.94	**1.94**
United Parcel Service	**2.41**	**2.32**	**2.48**	2.01	1.87
U.S. Postal Service	1.90	2.01	2.11	1.61	1.44

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

Quality in Airfreight

Airlines

Combination passenger-cargo airlines as a group received lower overall scores than the all-cargo carriers in all five performance categories. A number of shippers commented, however, that they were beginning to see significant improvements among the airlines.

"The airline we use most frequently continues to improve its operations, quality of freight handling and availability on flights," says John Myer, who works in the transportation support department of GTE at the Dallas-Ft. Worth Airport in Texas. "This carrier has gone out of its way to handle large items other carriers cannot, or will not carry."

Few shippers complained about airfreight rates. Most seem to feel that the value of air service is worth the price, especially if the service is unique. For example, shippers had many favorable comments about counter-to-counter services, which they said filled an important niche for same-day service. "The carrier we use most often is worth the high price because of the timeliness of the service," says Jason Ortega of T.J. Snow Co. of Chattanooga, Tenn.

The greatest area of dissatisfaction was sales effectiveness, primarily because air carrier sales people rarely call on shippers. There were notable exceptions, however. Shippers gave high marks to carriers that viewed the shipper as a direct customer.

"The airline I use is very helpful," says Susi Proffit, export manager for American Packing and Shipping in Alexandria, Va. "Their office people are knowledgeable, and the carrier provides good door-to-door service with good rates."

And although average customer service scores for airlines lagged those for most other types of carriers, shippers pointed out that specific carriers have developed excellent customer service systems.

"The airline we use can trace problems 24 hours a day," says Brian Meleski, manager, Universal Fish & Handling in Los Angeles. "They will call people at airports and send someone out on the floor for a visual check if we ask. Rarely is freight bumped once it is set up for flight."

Shippers that felt they had to deal directly with the airlines because of the nature of their products saw tremendous differences in the quality of service among the airlines.

"We have a special appreciation for the one airline that has helped us on our flights to Miami with frozen products," says E.J. Corbey, manager of transportation for Bachman's International in Minneapolis, Minn. "Most other airlines don't seem to care about our business."

PASSENGER/CARGO AIRLINES

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	**2.18**	**2.15**	**2.24**	**2.06**	**1.90**
Air Canada	**2.22**	2.11	**2.28**	2.00	1.88
Air France	**2.20**	2.00	**2.24**	1.88	1.75
Alaska Airlines	**2.40**	**2.40**	**2.40**	**2.40**	**2.30**
Alitalia	1.92	2.00	1.92	1.83	1.75
American Airlines	1.99	**2.15**	**2.24**	1.98	**1.92**
British Airways	2.17	**2.17**	**2.26**	2.00	1.87
Continental Cargo	1.95	1.86	1.91	1.95	**2.00**
Delta Airlines	**2.27**	**2.21**	**2.34**	**2.20**	**1.93**
Japan Air Lines	**2.52**	**2.19**	**2.43**	**2.11**	1.84
KLM Royal Dutch Airlines	2.15	**2.15**	2.20	1.95	1.80
Korean Airlines	2.17	2.11	2.17	2.00	1.81
Lufthansa	**2.42**	**2.20**	**2.44**	**2.23**	**2.00**
Northwest Cargo	2.15	**2.18**	**2.26**	**2.10**	1.84
Pan American	2.00	1.91	1.82	1.70	1.70
Singapore Airlines	**2.50**	**2.25**	**2.33**	**2.27**	**2.00**
Southwest Airlines	**2.33**	**2.33**	2.17	2.00	**2.00**
Trans World Airlines	1.93	1.96	1.96	1.85	1.81
United Airlines	**2.19**	**2.18**	**2.32**	**2.25**	**1.98**
USAir	**2.27**	**2.24**	**2.24**	**2.17**	1.85

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

Quality in Airfreight

Air Forwarders

Most shippers gave air forwarders only average scores in all five performance areas. However, shippers with stringent service requirements were much more generous with their ratings and comments.

"As a shipper of vaccines, we have very strict delivery requirements," says Louis Mangino, manager-distribution & traffic for Connaught Laboratories in Swiftwater, Pa. "Our forwarder is extremely sensitive to our requirements. They let us know of any problem situations, and they put a lot of effort into resolving them."

Shippers tended to be more demanding of forwarders than they were of other types of carriers, but they also are loyal to a good forwarder when they find one. "We stick with our forwarder because it always seems ready and willing to tackle any special need we have," says Karen Staver, distribution analyst for Eljer Industries in Plano, Texas. "This forwarder has even pulled off some 'same morning' deliveries for us."

One of the measures most shippers use for quality of forwarders is how well and how quickly it learns the shipper's particular needs.

"Our forwarder is perceptive of our needs," says Glenda Sue Kindziera, corporate traffic manager for Handleman Co. in Troy, Mich. "I do not have to call them to advise of problems; they recognize the problem first, react, and then call me."

Forwarders' average scores for value were lower than those of other carriers. But shippers say they're beginning to measure forwarders and carriers differently when it comes to value. "In the past year, my forwarder has saved my company considerable dollars," says Tim Seyler, traffic manager for Decision Data Corp. in Horsham, Pa. "Savings, and the quality of service, is what I measure."

Other shippers say precision pricing is important. "Our forwarder is exact on door-to-door pricing," says A.M. Gutman, transportation/distribution specialist for Cooper Energy Services in Mt. Vernon, Ohio. "It's important that we get no surprises when we receive the bill."

CONVENTIONAL AIRFREIGHT FORWARDERS

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	**2.21**	**2.12**	**2.17**	**2.17**	**2.10**
Air Express International	2.19	1.95	2.07	2.03	1.95
Amerford International	1.95	2.10	2.10	2.00	2.00
Associated Air Freight	**2.39**	**2.21**	**2.32**	**2.32**	**2.32**
Circle Air Freight	**2.22**	2.07	2.15	**2.22**	**2.13**
Danzas	2.16	**2.16**	**2.18**	**2.20**	**2.14**
Eden Air Freight	2.20	**2.16**	2.16	**2.20**	1.88
F.W. Myers Group	2.08	2.00	2.00	2.00	**2.10**
Fritz Air Freight	**2.25**	2.07	**2.19**	**2.18**	**2.19**
Kintetsu World Express	**2.28**	**2.13**	**2.22**	**2.25**	**2.22**
Kuehne & Nagle	2.12	2.00	2.06	2.09	1.94
Lynden Air Freight	2.12	**2.12**	2.06	**2.24**	**2.12**
MSAS Cargo International	**2.26**	**2.12**	**2.19**	2.07	1.96
Nippon Express	**2.31**	2.11	**2.33**	**2.24**	**2.21**
Panalpina	2.00	**2.15**	**2.22**	2.07	2.00
Pilot Air Freight	**2.35**	**2.19**	**2.19**	2.09	**2.14**
LEP Profit International	2.17	**2.13**	2.11	**2.17**	**2.13**
Right-O-Way, Inc.	2.19	**2.33**	2.14	**2.33**	**2.29**
Schenkers International	2.15	2.04	**2.20**	2.07	2.04
Seko Air Freight	**2.25**	**2.21**	2.00	**2.18**	2.04
Skyway Freight Systems	2.00	1.83	**2.25**	2.08	2.08
Surfair	2.15	**2.15**	2.10	**2.20**	**2.10**
Target Air Freight	2.20	**2.20**	2.00	2.10	**2.10**
UP Express Air	**2.53**	**2.20**	**2.33**	**2.20**	2.07

* *Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

Quality in Ocean Service
Steamship Lines

Ocean carriers received good scores from shippers in all performance categories. Shippers' satisfaction was supported by their comments about ocean carrier quality.

"Our ocean carrier has an overall commitment to the quality process from senior management on down," says J.H. Chaney, manager, international transportation for Monsanto Chemical Co. in St. Louis.

However, ocean shippers also seem to be more price sensitive than shippers using other modes.

"Our primary carrier provides consistent, competitive service and quality equipment on various trade lanes," says Cheyenne Miranda, import traffic supervisor for ComSource Independent Foodservice Co. in Atlanta. "I am less satisfied with its high costs and pricing inflexibility."

Full containerload shippers gave ocean shippers the highest marks.

"Our carrier has unsurpassed transit times from the Far East and Southeast Asia to Oakland," says Greg Zitzer, import traffic manager for Willitts Designs in Petaluma, Calif.

Several large shippers even singled out certain carriers as having a beneficial effect on U.S. trade. "One U.S.-flag carrier we deal with not only provides consistent sailings and sufficient equipment, but it makes a special effort to keep American companies competitive in Asian markets," says J.C. Hirst, vice president-traffic for Alliance International in Palos Park, Ill.

Smaller shippers focused their comments on the carrier's ability to handle all sizes of shipments. "We receive good service from our ocean carrier on both containerload and LCL shipments," says Clem Baumeister, traffic manager for Things Remembered in Highland Heights, Ohio.

Many shippers say they need ocean carriers that can provide more than port-to-port service. They increasingly need their ocean carriers to handle the inland movements as well as the water transport.

"One of the most valuable services our carrier provides is to move containerload and LCL shipments smoothly beyond the terminal," says Gerald Clemens, supervisor/warehouse manager for Nevada Western, a subsidiary of Thomas & Betts Corp. in Sunnyvale, Calif.

"Our primary carrier provides excellent service to the Midwest, including store-door delivery," says Wayne Halverson, marketing manager for Wood Products International in Portland, Ore.

While shippers said their forwarders generally handle the details of ocean shipments, they were appreciative of carriers that provided customer service for them.

"Our ocean carrier to Australia has customer service focused on the customer," says Peter Freeman, president of Freeman, Inc. in Seal Beach, Calif. "They make everyone feel like a VIP, and they get the cargo there on time, with no exceptions."

STEAMSHIP LINES

	On-Time Performance	Value	Equipment & Operations	Customer Service	Sales Staff
AVERAGE*	*2.20*	*2.19*	*2.25*	*2.15*	*2.07*
American President Lines	*2.57*	*2.22*	*2.50*	*2.39*	*2.26*
Columbus Line	*2.10*	*2.10*	*2.10*	*2.20*	*2.00*
Crowley Maritime TMT	*2.45*	*2.45*	*2.64*	*2.45*	*2.45*
Evergreen Lines	*2.19*	*2.25*	*2.00*	*1.94*	*1.75*
Hanjin Container Lines	*2.18*	*2.27*	*2.18*	*1.91*	*1.64*
Hapag-Lloyd	*2.38*	*2.13*	*2.19*	*2.31*	*2.25*
K Line	*2.33*	*2.27*	*2.20*	*2.27*	*2.13*
Lykes Line	*2.30*	*2.30*	*2.10*	*2.00*	*2.20*
Maersk Line	*2.66*	*2.41*	*2.46*	*2.45*	*2.24*
Mexican Line	*2.00*	*2.00*	*2.00*	*1.00*	*1.00*
Mitsui O.S.K. Line	*2.42*	*2.17*	*2.25*	*2.08*	*2.17*
NYK Line	*2.40*	*2.40*	*2.40*	*2.30*	*2.00*
Nedlloyd Lines	*2.18*	*2.18*	*2.27*	*2.36*	*2.36*
Neptune Orient Lines	*2.33*	*2.33*	*2.25*	*2.25*	*2.42*
OOCL	*2.30*	*2.30*	*2.25*	*2.21*	*2.15*
Sea-Land Service	*2.52*	*2.19*	*2.52*	*2.33*	*2.22*

** Averages calculated on basis of data for all carriers in category, not just those listed. Scores at or above average appear in boldface.*

IT'S BACK TO BASICS FOR CARRIER QUALITY

Report cards on carrier quality reveal that shippers really want the basics done well. All the other bells and whistles count for extra credit.

Satellite tracking, computer diskettes, detailed freight flow reports, EDI interfaces—all are viewed as useful features by shippers, but none rates very high when shippers measure carrier quality.

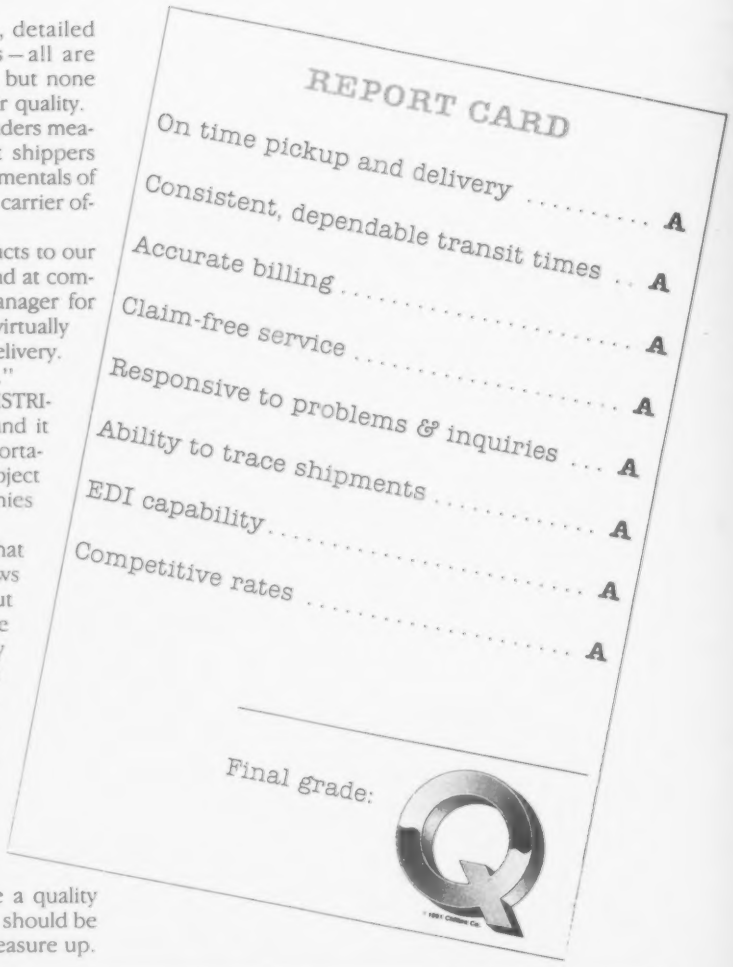
A five-part survey of how DISTRIBUTION readers measure their carriers' quality clearly shows that shippers simply want their carriers to perform the fundamentals of freight transportation well. Everything else the carrier offers counts for extra credit.

"Our primary LTL carrier delivers our products to our customers on time, without loss or damage and at competitive rates," says James J. Paule, traffic manager for Spangler Candy Co. in Bryan, Ohio. "We have virtually claim-free service and 99.5 percent on-time delivery. That's what I want and that's what I measure."

Hundreds of shippers responding to five DISTRIBUTION "Quality Polls" agreed with Paule, and it did not seem to matter which mode of transportation shippers were measuring. Whether the subject was motor carriers, railroads, airfreight companies or ocean carriers, the answers were similar.

While our series of quality polls indicates that shippers are focusing on the basics, it also shows that they are becoming extremely diligent about measuring carrier quality. More than half of the shippers responding to our surveys said they had developed formal quality measurement programs for the specific modes of transportation they use. Virtually all of these programs also included recognition programs for the carriers that met the shipper's criteria for quality service.

For shippers who do not yet have a formal carrier quality process, we invite them to crib from what their fellow shippers reported. For those shippers that already have a quality process, the responses on the following pages should be a good benchmark to see how their efforts measure up.


REPORT CARD
On time pickup and delivery ..... A
Consistent, dependable transit times .. A
Accurate billing ..... A
Claim-free service ..... A
Responsive to problems & inquiries ... A
Ability to trace shipments ..... A
EDI capability ..... A
Competitive rates ..... A
Final grade:
Q

Shippers with formal truckload quality measurement programs:

Yes: 65% No: 35%

Top five items measured by formal quality programs (in order of importance):

1. On time pickup and delivery
2. Consistent transit times
3. Availability of quality equipment
4. Competitive rates and contract prices
5. Accurate billing

Five TL carriers most often recognized in formal quality programs (in alphabetical order):

Burlington Motor Carriers
J.B. Hunt
M.S. Carriers
Schneider National
Swift Transportation

Top five items measured by all TL shippers (in order of importance):

1. On time pickup and delivery
2. Consistent transit times
3. Willingness to negotiate
4. Competitive rates and contract prices
5. Availability of quality equipment

Five TL companies mentioned most often as "outstanding" by shippers (in alphabetical order):

Burlington Motor Carriers
Crete Carriers
M.S. Carriers
Schneider National
Swift Transportation

Three things TL carriers do best:

1. On time pickup and delivery
2. Consistent transit times
3. Competitive rates and contract prices

Three things TL carriers need the most improvement on:

1. Availability of quality equipment
2. On time pickup and delivery
3. Ease of problem resolution

To Excel In LTL, Master The Basics

Carriers are responding to the "back to basics" movement among shippers, but the 'people' side of the business continues to be a challenge.

Shippers are measuring their LTL carriers like never before. More than half of the respondents to our LTL Quality Poll have formal quality measurement processes in place.

What are shippers measuring? You guessed it: the basics. Pickup and delivery performance is the number one criteria in the majority of shipper processes, whether they are formal or informal. Other criteria include competitive rates and good shipment tracing. Generally, shippers feel their LTL carriers are doing a good job in these areas.

"We have an excellent relationship with the staff of Viking Freight System," says John Rekart, shipping supervisor with Delta Engineering & Manufacturing in Tualatin, Ore. "We get simplified billing and responsive pickup and delivery schedules. We were able to service a major customer on a demanding project because of Viking's service."

David Monteith, purchasing director for C.A. Short Co. in Shelby, N.C. says Carolina Freight offers his company the best, most consistent transit times. "When normal transit times are not satisfactory, Carolina exhibits the ability to cut transit times to meet our special needs," he says.

"Tracing shipments and getting freight rates is easy with Roadway's '800' computer voice system," says Janette Carnithan, traffic manager for Superior Barbell, Inc. in Milan, Ill.

"I never have to make a second call to ABF for a pickup, trace or answer to a question," says Craig Freyer, Sr., shipping & traffic manager, Business Products, Stratford, Conn. "They always deliver on time and I've never had to place a claim for damages."

Claims is one area that LTL carriers need improvement on, shippers say. Claim-free shipping is another basic need for shippers, and they recognize carriers that excel in this category. "Since Conway Southwest Express opened their doors in Texarkana, we have used them for hundreds of inbound shipments with absolutely no claims or late deliveries," says R. Bates, a buyer for Brown Root USA in Ashdown, Ark.

"We have had zero claims in over two years and 2,000 shipments with Averitt Express," adds W.T. Deel, national director of distribution for Orlove in Ft. Lauderdale, Fla.

LTL carriers also need to improve in the "people" end of the business, shippers say. This includes resolving problems and developing staff and sales people who are knowledgeable about the shipper's business and are anxious to help customers meet their logistics objectives.

"With Roadway, we get the same high level of service from drivers, dispatchers, customer service and sales reps at our local terminal as well as every other terminal we deal with," offers Janice Wallace, traffic/billing coordinator for Goldblatt Tool Co. in Kansas City, Kan.

"Carolina provides us with an annual price quote, which enables us to properly establish our costs for the year at that time," says C.A. Short's David Monteith.

"From as far away as Mobile, Ala. Conway Southwest Express provides overnight delivery," says R. Bates of Brown Root USA in Ashdown, Ark. "This has saved us thousands of dollars on shipments that would otherwise have to go by airfreight."

Shippers with formal LTL quality measurement programs:

Yes: 53% No: 47%

Top five items measured by formal quality programs (in order of importance):

1. On time pickup and delivery
2. Competitive rates
3. Dependable schedules and transit times
4. Claims-free service
5. Fast, accurate tracing

Five LTL carriers most often recognized in formal quality programs (in alphabetical order):

ABF Freight System
Consolidated Freightways
Preston Trucking
Roadway Express
Yellow Freight

Top five items measured by all LTL shippers (in order of importance):

1. On time pickup and delivery
2. Dependable schedules and transit times
3. Competitive rates
4. Claims-free service
5. Value of service regardless of price

Five LTL companies mentioned most often as "outstanding" by shippers (in alphabetical order):

ABF Freight System
Carolina Freight Carriers
Consolidated Freightways
Roadway Express
Yellow Freight

Three things that LTL carriers do best:

1. On time pickup and delivery
2. Competitive rates
3. Fast, accurate tracing

Three things LTL carriers need the most improvement on:

1. Ease of problem resolution
2. Claims-free service
3. Knowledgeable, helpful staff and sales people

TL Shippers Focus On ABCs

They sit up and take notice when carriers go out of their way for them, but what really impresses TL shippers is dependability day in and day out.

Truckload shippers, regardless of whether they have formal quality processes or not—and two-thirds of those who responded to our survey do—seem to value the same qualities in their truckload carriers. These qualities can best be described as "the basics": on-time pickup and delivery, consistent, dependable transit times and equipment, accurate billing and the competitiveness of rates and contract prices are the key factors in both formal and informal programs for measuring truckload carrier quality. Shippers also said it was important to them that a truckload carrier be willing to negotiate. The survey indicates that most shippers believe their truckload carriers do the basics well at competitive rates.

"C.R. England has always maintained a high level of service with us. Its on-time delivery, timely pickups, correct billing and competitive rate levels rank extremely high with our company," says James Paule, traffic manager, Spangler Candy Co., Bryan, Ohio.

Yet a large number of shippers also feel that the timeliness of their TL carriers' pickup and delivery operations needs improvement. Shippers also agreed that quality equipment isn't always available, and that problems aren't always resolved as easily as they could be. Exceptional performance in these areas almost always catches a shippers' eye.

"Swift Transportation has all types of equipment and is extremely responsive to our needs, including delivering product on Sundays and holidays," says Ed Zachrnan, distribution center manager for Silo, Inc. in Phoenix. Shippers definitely notice when carriers go "above and beyond" to provide quality service.

"Wiegandbutton Motor Express negotiates competitive rates and consistently gives superior service," says Amy Earhart, distribution manager for LA Stocktab in Santa Fe Springs, Calif. "They will arrive early or late in the day as I require and meet delivery appointments at the other end. They are a picture of dependability."

Carriers also seem to be doing a better job of determining shippers' specific needs and positioning their service to meet them. The payoff can be handsome for carriers that are willing to make the effort.

"Schneider National has taken the time to find out what our needs are and then they spent the resources to satisfy those needs," says Tim Poole, corporate traffic manager for U.S. Marine in Everett, Wash. "Our partnership is now in its sixth year and is worth about $1 million annually."

It also appears that shippers are working to make their carriers part of an integrated supply chain. "We set up a program with Leprino Transportation to pool truck shipments from three different Procter & Gamble plants," says Brian Smolenyak, traffic coordinator for Safeway, Inc. "Inventory turns are corrected, inventory is down and the buyer has been happy for two years. They made me a hero."

Shippers named scores of individual truckload carriers as those recognized in formal programs or as outstanding performers. Though the ranks included many regional carriers, the carriers mentioned most often were large, nationwide fleets with high shipper visibility.

Air Shippers Prize Flexibility

Two questions shippers ask of airfreight carriers: Do they go where I go? Do they take all types of freight? So far, integrators have the right answers.

Shippers with formal airfreight quality measurement programs:

Yes: 49% No: 51%

Top five items measured by formal quality programs (in order of importance):

1. Consistent, dependable schedules & transit times
2. Competitive rates and prices
3. Door-to-door pickup and delivery
4. Broad geographic coverage
5. Ease of problem resolution

Five airfreight companies most often recognized in formal quality programs (in alphabetical order):

Airborne Express
Burlington Air Express
Emery Worldwide
Federal Express
United Parcel Service

Top five items measured by all airfreight shippers (in order of importance):

1. Consistent, dependable schedules & transit times
2. Door-to-door pickup & delivery
3. Competitive rates & services
4. Ease of problem resolution
5. Accepts all sizes of freight

Five airfreight companies mentioned most often as "outstanding" by shippers (in alphabetical order):

Burlington Air Express
Emery Worldwide
Federal Express
Pilot Air Freight
Seko Air Freight

Three things air carriers and forwarders do best:

1. On time door-to-door pickup and delivery
2. Broad geographic coverage
3. Consistent schedules & transit times

Three things air carriers and forwarders need the most improvement on:

1. Ease of problem resolution
2. Accept freight of all sizes
3. Knowledgeable sales people

Shippers have some unique quality measurements for airfreight companies that go beyond basic service criteria such as dependability of transit times, timeliness of door-to-door service and competitive rates.

Geographic coverage is one such measurement. "Kintetsu World Express has great rates and good service to our most important export markets," says Jeffrey Neal, traffic manager for Rahn Granite Surface Plate Co. in Englewood, Ohio.

The ability to accept all sizes of freight is another important consideration for shippers. "Pilot Air Freight handles a wide variety of my airfreight, from small samples to large shipments," says Dagmar Kuhlmann, senior international account representative at Emerson Motor Division in St. Louis. "Every shipment receives the same knowledgeable, dependable service, from pickup to excellent rates to great service to follow-up calls with routing information. It's a pleasure doing business with them."

The airfreight companies shippers recognized in their formal quality programs were most often integrated carriers. "Federal Express stands out because of its ability to deliver packages by 8 a.m.," says James Ball, traffic manager for Sauces Unlimited in San Antonio, Texas. "We were waiting for a part and couldn't start production without it. Federal Express delivered."

"Federal Express gives consistent on-time service and national discount rates. It also has a low claims ratio and the best tracing/customer service operation in the industry," adds Robert Wilson, senior traffic administrator for Loral Aerospace Corp., San Jose, Calif.

Other traits shippers appreciate in these carriers are flexibility and willingness to go the extra mile. "Our local Emery office doesn't care what the '800' number people say about 'We don't pick up after such and such a time,' " says R.W. Harker, material manager at Helicomb International in Tulsa, Okla. "They try to pick up when we get the part finished and make their plane."

Those airfreight companies mentioned as outstanding by all shippers included traditional forwarders. "Danzas' extensive worldwide network serves my growing international transport needs," says Curtis Howe, traffic coordinator for CNS, Inc. in Eden Prairie, Minn. "They give responsive service at competitive rates."

"Union Pacific ExpressAir always has the right answers to our questions," says Clint Cleever, owner of Florida Relocations in Tampa. "They have the best service, the most knowledgeable salesmen and the best tracking system."

Only a few shippers mentioned combination passenger/cargo airlines, reflecting the fact that shippers have less direct contact with these carriers, dealing instead through airfreight forwarders. One exception is American Airlines, which continues to retail its domestic freight services to shippers. "American Airlines continues to improve its operations, including the quality of its handling and its flight schedules," says John Myers, transportation support, GTE, DFW Airport, Dallas. "They have gone out of their way to handle large items that other carriers can't."

Shippers with formal rail carrier quality measurement programs:

Yes: 49% No: 51%

Top five items measured by formal quality programs (in order of importance):

1. Consistent, dependable schedules & transit times
2. Competitive rates and contract prices
3. Availability of quality equipment
4. Fast, accurate tracing
5. Willingness to negotiate

Five railroads most often recognized in formal quality programs (in alphabetical order):

Atchison, Topeka & Santa Fe
Burlington Northern
Conrail
CSX Transportation
Union Pacific

Top five items measured by all rail shippers (in order of importance):

1. Consistent, dependable schedules & transit times
2. Competitive rates and contract prices
3. Availability of quality equipment
4. Direct routing
5. Knowledgeable, helpful staff and sales people

Five railroads mentioned most often as "outstanding" by shippers (in alphabetical order):

Atchison, Topeka & Santa Fe
Burlington Northern
Conrail
Southern Pacific
Union Pacific

Three things that rail carriers do best:

1. Competitive rates and prices
2. Fast, accurate tracing
3. Willingness to negotiate

Three things that rail carriers need the most improvement on:

1. Consistent, dependable transit times
2. Availability of quality equipment
3. Knowledgeable, helpful staff and sales people

Railroads Focus On Marketing

As truck competition heats up, railroads are becoming more responsive to shipper requirements. Still, there's work to be done on the basics.

About half of the rail shippers responding to our survey have formal quality processes in place to measure their carriers. As in other modes of transportation, these processes are dominated by measurement of the basics: service, price and equipment. The results were much the same for shippers without formal programs.

Shippers seem generally satisfied with the rates they pay for rail service. Rates are competitive and the railroads are willing to negotiate. It would be surprising, frankly, if this were not the case: average rail rates remain below 1980 levels (see *Logistics Annual Report*, July 1991, p. 52).

"Santa Fe Railway has recently become extremely aggressive in the pricing area," says E.F.X. Gronboldt, transportation specialist for Mobil Oil Corp. in Richmond, Va. "This carrier has turned itself around."

Another positive development mentioned by many shippers is the quality of the railroads' tracing capabilities. Apparently, new technologies employed by the railroads to manage their fleets, such as '800' numbers that shippers can dial up to check the status of shipments, are being well received. Several respondents also raved about the railroads' double-stack container services, and it appears that railroads are finding more applications—and shipping lanes—for domestic containers.

However, shippers think rail carriers have to do a better job with service basics such as transit times and availability of quality equipment. Also, shippers perceive that rail sales and support people need to be more helpful and improve their knowledge of the shipper's requirements.

Some railroads seem to be making strides in this area already. Many railroads have begun to step up their development of marketing programs tailored to a specific set of customer requirements. "An example of Burlington Northern's innovative marketing and customer service is its 'Doorstep Delivery' boxcar/truck bimodal service for food products," says Paul Richmond, distribution & transportation manager, Nugget Distributors, Inc., Stockton, Calif.

The major Class I railroads generally received high marks from shippers and were named most often either as carriers recognized in formal quality programs or as providing outstanding service to shippers using less formal quality measurements.

"Norfolk Southern has consistent transit times, superior equipment and they are willing to negotiate," offers Robert Holesapple, transportation supervisor for the Reed Minerals Division of Harsco Corp. in Highland, Ind.

"The attitude of the people at The Southern Pacific's Denver & Rio Grande Western division is customer oriented," reports Dennis Webber, logistics supervisor at Interstate Brick Co. in West Jordan, Vt. "They make double switches upon request, do switches at desired times and negotiate good rates."

Rail shippers, like those in other modes, appreciate it when carriers extend a helping hand, whether it's to cut costs or to meet specific logistics objectives. For example, one shipper cites an innovative dunnage concept that Southern Pacific Railroad came up with that helped him reduce his dependence on dunnage-free boxcar equipment.

Shippers with formal intermodal quality measurement programs:

Yes: 51% No: 49%

Top five items measured by formal quality programs (in order of importance):

1. Competitive rates and contract prices
2. Transit times competitive with truck
3. Availability of quality equipment
4. Responsiveness of draymen
5. Single-vendor responsibility

Five intermodal companies most often recognized in formal quality programs (in alphabetical order):

American President Distribution Services
Alliance Shippers
BN America
Hub Group
Quantum (Santa Fe/J.B. Hunt)

Top five items measured by all intermodal shippers (in order of importance):

1. Transit times competitive with truck
2. Competitive rates and contract prices
3. Single-vendor responsibility
4. Responsiveness of draymen
5. Scope of service area

Five intermodal companies mentioned most often as "outstanding" by shippers (in alphabetical order):

American President Distribution Services
C. H. Robinson
Hub Group
Quantum(Santa Fe/J.B. Hunt)
Triple Crown (Norfolk Southern)

Three things intermodal companies do best:

1. Single-vendor responsibility
2. Transit times competitive with truck
3. Availability of quality equipment

Three things intermodal companies need the most improvement on:

1. Transit times competitive with truck
2. Responsiveness of draymen
3. Availability of quality equipment

Intermodal's On The Right Track

Shippers continue to be ambivalent about intermodal as measured against truck service. But it's clear that progress is being made on key issues.

Shippers compare intermodal directly against truckload service. All shippers in the survey ranked intermodal carriers' ability to offer transit times competitive with truck service as the most important measurement criteria.

There is little consensus as to how carriers stack up on this score. About half the shippers surveyed were satisfied with the transit times of their intermodal carriers, but just as many felt their transit times did not compare well with truck service. Shippers were equally ambivalent about another important intermodal performance criteria—the quality of the equipment used to provide the service. While many shippers believed the availability of quality equipment was good, just as many felt intermodal companies needed to take steps to improve the pool of quality intermodal equipment.

It's no surprise that intermodal is a price-driven mode of transportation for most shippers. In formal quality programs, shippers put the most emphasis on rates and prices. All shippers surveyed ranked competitiveness of rates and prices number two in terms of the criteria they use to measure carriers.

"With the increase in truck costs, BN America has enabled me to maintain my budget and still have good service," says Brian Smolenyak, traffic coordinator for Safeway, Inc. in Clackamas, Ore.

It was evident from our poll that shippers are acutely aware of the service quality provided by the draymen who pick up and deliver their shipments. Most agree that the responsiveness of this link, traditionally intermodal's weakest, needs improving. But several carriers appear to be doing a good job of tying together the front and back ends of their intermodal operations, and these companies stand out to shippers.

"Quantum, the J.B. Hunt-Santa Fe combo, provides consistent third-day Chicago to L.A. delivery—to the consignee, not just the destination ramp," says John Bult, catalog traffic manager for Amway Corp., Ada, Mich. "Here is an intermodal system with premium cartage and coordination on par with the already impressive rail portion. Quantum trailers are hustled out of the ATSF yard like they have their own private gate."

"Norfolk Southern's Triple Crown service has never accepted a shipment it couldn't cover," adds James Paule, traffic manager for Spangler Candy Co. in Bryan, Ohio. "Transit times are excellent and both origin and destination drayage are good."

One area that shippers have long viewed as a barrier to increased use of intermodal is the lack of single vendor responsibility for intermodal shipments. Now, however, carriers seem to be getting serious about putting together service packages that truly make intermodal transparent *vis a vis* truck transportation. Single carrier, door-to-door responsibility makes that possible, and shippers are glad to see carriers making progress in this area.

Shippers mentioned relatively few intermodal companies either as those recognized in their formal quality programs or as companies they generally feel offer outstanding service. Fewer than a dozen large, well-known companies dominated the list of carriers mentioned by shippers.

Shippers with ocean carrier quality measurement programs:

Yes: 61% No: 39%

Top five items measured by formal quality programs (in order of importance):

1. Adequate sailings and dependable transit times
2. Competitive rates and contract prices
3. Willingness to take independent action
4. Knowledgeable, helpful staff
5. Availability of equipment

Five ocean carriers most often recognized in formal quality programs (in alphabetical order):

American President Lines
Evergreen Line
Maersk Line
NYK Line
Sea-Land Service

Top five items measured by all ocean shippers (in order of importance):

1. Competitive rates and contract prices
2. Adequate sailings and dependable transit times
3. Single carrier door-to-door responsibility
4. Knowledgeable, helpful staff and sales people
5. Availability of equipment

Five ocean carriers mentioned most often as "outstanding" by shippers (in alphabetical order):

American President Lines
Hapag Lloyd
Maersk Line
OOCL (USA)
Sea-Land Service

Three things ocean carriers and forwarders do best:

1. Adequate sailings and dependable transit times
2. Single carrier door-to-door responsibility
3. Knowledgeable, helpful staff and sales people

Three things ocean carriers and forwarders need the most improvement on:

1. Willingness to take independent action
2. Knowledgeable, helpful staff and sales people
3. Competitive rates and contract prices

Ocean Shippers Say Price is King

Perhaps more than in any other mode, shipper perceptions of ocean carrier quality depend on the almighty rate.

Nearly two-thirds of ocean shippers responding to our poll said their company has a formal program to measure the quality of ocean carriers they use. Only truckload shippers boasted as many formal processes in place.

Perhaps less surprising is what these programs measure. Shippers with formal quality programs ranked price as the number two consideration in choosing an ocean carrier, while willingness to take independent action—to deviate from rates set by the conference—was right behind in third. Furthermore, shippers were generally dissatisfied with carrier performance in these two areas. This suggests that carriers may have succeeded in getting rate increases to stick and in exerting more discipline when it comes to staying within conference rate structures.

Still, shippers appreciate it when carriers help them look good, whether through competitive rates, quality service, or both. "Hanjin helped me reduce import costs by 30 percent in 1990," offers Don Yaxley, manager of international distribution at Itek Graphix Corp. in Rochester, N.Y. "They have performed excellently and cost effectively."

While good rates are important, the carrier's responsiveness when asked for a quote can also affect shipper perceptions of quality performance. "You can set your watch by Maersk's on-time responsiveness on rate matters," says C.J. Wenthen, manager-international traffic for Witco Corp. in New York.

On the service side, the primary quality measures were adequate numbers of sailings and dependable transit times. Availability of the right containers and other equipment and the knowledge possessed by carrier sales staffs also ranked high.

"Jugolinija's rates are very good, and they've always provided good equipment and sailings," says Collette Ferner, export traffic manager with WCI International of Pittsburgh, Pa. "Their sales people know how to get things done."

"Cast will do whatever it takes to get good rates and equipment availability," adds Randy Sharp, export manager for Scarbrough International of Kansas City, Mo. "My sales rep always goes the extra mile to get the job done." Shippers also expect single-carrier, door-to-door service on a through bill of lading and, for the most part, appear satisfied with carrier performance in this area.

Another trend confirmed by the poll is that the fortunes of ocean carriers are increasingly linked to their landside operations. Shipper perceptions of service do not end when containers are offloaded at the destination port. Good intermodal connections keep the freight moving, and that is becoming more and more important to shippers.

"NYK gives us the customer service we need on the import side, and the domestic stack train turnaround we require," says Al Giunchi, corporate traffic manager for Hartz Mountain Corp., Harrison, N.J.

The ocean carriers recognized most often by shippers in quality programs or mentioned most often as outstanding were the world's largest container carriers. These carriers typically offer the most comprehensive schedules and are able to invest in both good equipment and landside operations.

THE STATE OF QUALITY IN LOGISTICS

Logistics quality processes have been described as "immature," but these profiles of shipper and carrier quality efforts show that the movement has indeed taken hold.

ABF

This LTL carrier began its quality process in the early 1980s as a way of propelling its organization into a deregulation mindset.

Several years ago, ABF was contacted by a company that had heard about the carrier's quality process. This manufacturer of playground equipment used a private fleet to haul LTL shipments of its product. But delivering the equipment was tricky; it has lots of pieces, and it's easy to mix them up or forget one. Consignees include playgrounds or parks where there usually are no receiving docks or experienced receiving personnel.

Finally, the company came to ABF and said it wanted out of the private fleet business. After training its drivers to handle the freight and to meticulously check the pieces themselves, ABF took over the business, and eventually began outperforming the private fleet.

But the carrier wasn't satisfied. So it sent teams of people out to breakbulk terminals to train dock workers on proper loading and inspection procedures for the freight. ABF began using bar codes to ensure that the right pieces were on the right truck. It developed a label for each piece that contained ABF's pro number and the destination terminal code. ABF now has done business with this customer continuously for five years and is the company's exclusive carrier.

ABF attributes its success with customers like this one to a quality process it put in place nearly a decade ago, when 3M Co. gave a quality seminar for vendors and carriers. "They realized the carrier was the link to their customers," says David Stubblefield, ABF's vice president of marketing. He saw that the quality process could change ABF's culture.

"We needed to get away from the regulation mindset, and this was a vehicle to do that," he says.

Now, the carrier's mindset is focused on ideas like constant improvement. Before it began handling the playground equipment, ABF had to project what the cost would be. That's hard to do unless you've actually handled the freight. Once it began moving the stuff, those cost projections had to be altered. As a result, ABF worked with the shipper to change some loading procedures so that more shipments could fit in a trailer. That spirit is the key to the quality process, Stubblefield believes. "We get to the root of the problem, the cause of why we can't satisfy the needs of our customer, and we fix it once," he says. "Sometimes you have to take non-traditional steps to do that. The answer isn't to raise the price, the answer is to look at the logistics train from start to finish and eliminate handling and time in the cycle."

—Jay Gordon

Write in 600 on
Reader Service Card

Conrail

The railroad's hazmat quality award is part of a "concerted effort within the industry to do the job better."

Conrail has turned the tables on its customers by awarding *them* for the safe movement of hazardous materials.

Fourteen shippers won Conrail's transportation quality award this year. Each tendered at least 1,000 carloads of hazardous materials to the railroad last year without causing a single leak or spill.

According to George Turner, assistant vice president of petrochemicals and minerals, Conrail is the first railroad to hand out quality awards to major shippers, instead of the other way around. He says the three-year-old program represents a more cooperative approach to the movement of hazardous materials.

"We'd gone through a lot of finger-pointing between railroads and the chemical and petroleum industries," Turner says. "Each said it was the other's problem." Now, though, Turner sees evidence of an industry-wide change in attitude. "There's a concerted effort within the industry to do the job better," he says.

With a system covering nearly 13,000 miles in 14 states and the province of Quebec, Conrail has a special interest in ensuring safety on the rails. Compared with Class I railroads in the western U.S., it handles a lot more direct deliveries to end users. That raises the potential for what the carrier calls "non-accidental" releases—incidents caused by improper packaging or lax inspection of equipment.

"A number of companies decided to be serious about that," Turner says, "and we decided we ought to recognize them. We thought it would be nice for people on the loading docks to know that someone outside their companies appreciated what they were doing." He says Conrail has detected a "significant decrease" in safety incidents—fewer leaky car valves, unsecured dome lids, loose manway covers, worn gaskets and the like—in the three years since it began handing out the award.

The price of a slip-up can be severe. Anywhere from one to 200 gallons of product can be lost in a single incident, with the slightest leak forcing temporary evacuation of an entire community. "People are so attuned to chemicals these days that even water dripping from snow melt can be reported as a release," says Turner. "And you still have to go through the (safety) motions."

Conrail's zero-incident requirement stops many shippers from winning the award—and exposes the railroad to charges of unfairness. After all, large companies are statistically more likely to cause leaks, despite their best preventive efforts. Or are they? Replies Turner: "I had that argument from one big shipper. Another one that shipped even more attained the goal."

Four companies have won the Conrail award all three years: Amoco, B.F. Goodrich, Georgia Gulf, and Hoecsht Celanese Chemical Group. Liquid Carbonic, PPG Industries, and Shell Oil have won twice. First-time winners in 1990 were BASF, BP Oil & Chemical, Canadian Electrolytic Zinc, ICI Canada, Marsulex, Mobil Oil, and Texaco Chemical.

Conrail continues to implement its Continuous Quality Improvement (CQI) program throughout all levels of the organization. The railroad's motivation came from the increasingly strict requirements of its major shippers. "CQI is the price of admission to business these days," says Turner.

Even before the introduction of CQI, though, Conrail was improving its performance. In 1990, in 249,000 hazardous materials shipments, Conrail experienced only eight incidents that involved the release of product. Its reportable accident ratio was 3.23 per million train miles, compared with 9.54 in 1981.

Still, every railroad has to watch the bottom line. Shippers continue to demand low rates even as they call for tight quality and ever increasing service levels. There are plenty of truckers and other railroads ready to snap up the business if Conrail doesn't fulfill the customer's first criterion. "No matter what they say," Turner notes, "it's still price."

—Robert Bowman

Write in 601 on Reader Service Card

Consolidated Freightways

Consolidated Freightways has decentralized quality with the notion that ideas bubble up when trust seeps down.

For a large conglomerate like Consolidated Freightways, the key to achieving quality is the empowerment of workers. Not only strategic planners and salespeople, but the loaders and stackers as well. For quality to really take hold, there must be a dramatic shift in corporate culture and the way decentralized companies are managed.

"The trucking business lives on frail margins," explains CF's Vice President of Quality Gary Keenan. "We can no longer support layers of middle managers. The quality process is a way to bring decision making to the workers in the field." For management, the biggest challenge is trusting those workers to make the right decisions. "When the workers know that trust is seeping down," Keenan likes to say, "then pretty soon ideas start bubbling up."

How does a company of CF's size, with subsidiaries and divisions all over the nation, accomplish verifiable results with its quality crusade? It starts with a quality council, called CF EXCEL. It's mission is to not only ingrain quality in the various CF companies, but to spur a shift in focus from internal measurements to those based on customer satisfaction. The council sets the corporate quality agenda and oversees the education and training of all 22,000 CF employees.

The goal is to bring into the fold workers that have traditionally been left out of the planning process. To that end, Quality training for warehouse workers extends well beyond lapel pins and pep talks. It includes training with Pareto charts, fishboning, histograms and distribution of Corrective Action forms that encourage cause-and-effect reasoning, detailed explanations and precise communication. "We're trying to break the old stigma where workers in this business are paid for their strong backs, not their strong minds," Keenan says.

It's working. At CF's Dallas consolidation center, an EXCEL team reduced damaged and short freight by 34 percent during a nine-week pilot program in which freight handlers were "empowered" to load trucks as they saw fit—without interference from foremen. The load factor at that facility improved between 1,000 and 2,000 lbs. per trailer. A second pilot project is underway with a different team of stackers, to test whether it was the new method, or the workers themselves, that created the dramatic improvement. If the second test is as successful, the new methods will be rolled out to the entire dock operation.

Keenan admits this is a huge change from business-as-usual in the grittier echelons of American business. "The front line supervisor is the person who has the biggest transition to make in this new environment," he stresses. Because lower level workers assume more responsibility for their jobs, a front line supervisor is stripped of the standard fallback position: 'You do it the way I tell you because I'm the boss.'

However, Keenan stresses that empowerment of workers doesn't render their supervisors obsolete—it transforms them into something more important than a mere watchdog. "The supervisor is now responsible for improving training in the facility, sizing up the next job that's coming in, developing new ideas."

He admits this change in approach is no small feat. "It's a little easier to do in some of the smaller terminals, like Lufkin," he notes. That Texas facility was on the verge of losing a vital customer, Cooper Power Systems, because CF's typical double-stacking method, preferred by dock workers for its high load factor, was causing too much damage to Cooper's electrical transformers.

But Ray Paris, a worker at the CF consolidation center, suggested to Cooper officials that a rack of regular pallets be inserted between stacked cartons of porcelain resistors. The customer got more product protection, and CF maintained its dense load factor. Rather than reprimand Paris for deviating from standard practice, CF gave him "ownership" of all Cooper freight. As a result, CF is now getting about 75 percent of Cooper's Texas business.

—E.J. Muller

Write in 602 on Reader Service Card

American Airlines

Investing in automation spurs this airline's cargo quality process and helps it compete with the integrated carriers.

American Airlines solidified its commitment to cargo when AA Cargo became a separate operating division of the airline on January 1, 1991. The unit has a mandate to maximize service offerings and profit potential. Improving quality of service is now its top priority.

At the core of its effort is a $25 million automation system, providing shipment tracking throughout AA's network. Bar coding of freight has begun at 11 major terminals. The goal, says AA Cargo President William Boesch, "is to provide quality service in cargo that mirrors the high standards our passengers enjoy."

Boesch believes that bar code labels attached to AA freight are the essential first step in improved cargo management. "A box can't tell someone it's lost, present a passport, know what gate to go to, what aircraft to board, what seat to sit in or when to get off," he says. "We have to do all the thinking for cargo."

The brain that controls all that thinking is the Cargo Information Data Base, which manipulates all the daily information gleaned from AA's Cargo SABRE system. It tracks revenue figures, service performance, lane segment activity and terminal volume levels. The system is the centerpiece of daily executive meetings where problems are reviewed by specific service number; field stations are contacted and corrective action is taken. "A lot of other airlines look at quality from an internal standpoint," Boesch says. "We've designed this system to measure our performance from the customer's perspective. That may not be anything new for the integrated carriers, but it's a big change for airlines."

American Airlines Decision Technologies, an AMR Corp. subsidiary, is also at work on an automated cargo routing guide that will instantly analyze shipments to determine optimal routing based on factors such as passenger loads, available lift and weight restrictions.

While most of these processes will be transparent to shippers, one visible aspect of AA Cargo's operation is its issuance of Customer ID numbers. The ID number allows records to be kept for individual customers, allowing customers to track the number of shipments, freight dollars and service performance. To date 65 customers are using the system.

AMR's investment in the cargo business seems to be paying off. In the first quarter of this year the cargo division had revenues of $107.1 million, compared with $98.8 million for the first quarter of 1990, an 8.4 percent increase. This was accomplished at a time when cargo volumes for U.S. passenger lines, as well as some integrated carriers, declined by an average of 4.1 percent, according to the Air Transport Association. In the second quarter, freight revenue ton miles rose 4.8 percent to 198.7 million; the total for the year to date is 385.4 million, which compares favorably to 1990's midyear total of 364.6 million.

In the meantime, a new modernized cargo terminal has opened in Miami, hubs have been expanded in Chicago and Dallas, more flights have been added to the Caribbean, new routes to South America, Milan and Madrid are opening, Australia is in start-up, an additional flight to Japan has been added out of San Jose, service to London and the UK has been expanded, and a new series of MD-11 aircraft are being phased into service, each providing more international belly space than a 747-400.

This type of expansion should make AA popular with freight forwarders, who weren't thrilled when the airline began increasing its own retail sales efforts, primarily in the domestic market. "We are committed to freight forwarders on our international services," says Boesch.

While it develops closer ties with forwarders for its international business, AA continues its attempts to penetrate the domestic retail freight market and battle for high-yield express shipments with integrated carriers such as Federal Express, Airborne and UPS. "We don't want to challenge Federal Express as much as create an image for ourselves in those markets," Boesch says.

—E.J. Muller

Write in 603 on Reader Service Card

Columbus Line

An early success on the quality front under its belt, this carrier now must keep workers from becoming too narrowly focused.

For a carrier, it's a great accomplishment to be recognized by a customer as a "Quality" vendor. For an ocean carrier it's particularly rewarding, since the Quality doctrine has been slower to take hold in waterborne carriage than in its surface counterparts.

It must be doubly satisfying, then, to be honored for outstanding service before your formal Quality process is even in place. That's the case with Columbus Line, Inc., which this year has been cited by both Apple Computer and Uniroyal Goodrich Tire Co. (UGTC) for providing quality service, based on the two shippers' own measurements.

"We are now working on a formal quality process," says Columbus Line Vice President of Quality, Jan U. Stolzenburg. "It's nice to get off to a good start, knowing that you're already doing quality work."

Apple has been recognizing quality performance among its approximately 200 transportation vendors for the past six years. The German-flag carrier was one of only 18 transportation companies honored by the computer giant.

"We gave them our specifications," says Devis Fox, transportation analyst for Apple's Pacific division, "and they responded with a personalized quality process." According to Fox, that included frequent, fast transit from the U.S. West Coast to Australia/New Zealand (one of Columbus Line's major trade lanes), availability of good equipment, efficient destination handling, and a fair, stable price in a market notorious as one of the most volatile and expensive in the world.

Fox points out that Columbus Line's dependable service has enabled Apple to switch its primary shipping method from airfreight to seafreight. The cost savings, achieved without any drop in Apple's service commitment, "will be about 50 percent of airfreight in the long run," Fox notes.

UGTC uses Columbus Line to handle containerized shipments of tires from the East Coast to Australia/New Zealand. The company rates each of its carriers and forwarders quarterly, grading on service levels, billing accuracy and efficiency. Service standards include: equipment available as scheduled; space available for all booked cargo; consistent transit times; reliable on-time performance; prompt response to booking requests; effective problem solving, accurate rating of bills of lading and correct invoices. UGTC says Columbus Line's rating was the highest earned among ocean carriers.

It is interesting to note that Columbus Line's quality efforts will incorporate independent agencies that represent the line in various cities. In fact, Dick Jones, president of Jones Shipping in Pittsburgh, Pa., shared the UGTC award with Stolzenburg, since it is Jones' company, acting as Columbus Line's Ohio agent, that actually handles the UGTC account.

How does a shipping line control its quality efforts when it relies so heavily on agents? Columbus Line will be inviting top executives from its agencies to its quality workshops, to ensure that they have a fix on how Columbus Line wants to serve its customers. "I don't even like to use the word 'agent,' " says Stolzenburg. "We think of Jones, and other companies like it, as part of our total operation, even if its not a Columbus Line office—and they will be part of our overall quality process."

Stolzenburg admits that being truly customer-driven requires a complete change in corporate culture. U.S. business has made a serious error by training its workers to be too task-oriented, Stolzenburg says.

"Many top managers have been wrong for years because they train people to only do a certain job," he states. "They have not prepared people to be leaders." He wants the quality process to provide Columbus Line workers with a "zoom lens," allowing them to focus closely on an area of expertise—but also granting a wider perspective on interdepartmental and customer interaction. "In too many businesses," says Stolzenburg, "the workers' lenses are too narrowly focused."

—E.J. Muller

Write in 604 on Reader Service Card

AT&T

AT&T has raised the stakes in its Quality process by introducing minimum performance "thresholds" for approved carriers.

Early in 1991, AT&T's national contract carriers gathered in Greensboro, N.C., for a "recognition" ceremony that served as a kind of benchmark for the company's new Transportation Quality Program (TQP). Everybody received an engraved acrylic wedge "in recognition for their contribution in getting the program going," says Angelo Gibilaro, senior transportation specialist. They also got a clear message: henceforth, every carrier would be expected to meet and exceed minimum standards in order to do business with AT&T.

These "thresholds" were set deliberately low at first. "We wanted to make sure that carriers aren't in the red from the very beginning," Gibilaro says. But standards will rise as the program matures. Moderately capable carriers won't be allowed to rest on their laurels.

Initial grades are *marginal, good, exceeds,* and *overall excellence.* Carriers below "marginal" will be placed on four months' probation, then kicked out of the program if they fail to improve. Marginal carriers also will have to improve. Eventually, Gibilaro says, the "good" classification will be eliminated. "Anyone performing below 'exceeds' is not really a satisfactory carrier," he says.

With the thresholds in place, AT&T contacts each carrier on a monthly or quarterly basis to let them know whether they're making the grade. It identifies specific problems at various shipping and receiving locations. Gibilaro says the program isn't a horse race where carriers are whipped to post faster transit times. Nor is AT&T obsessed with narrowing delivery windows to minutes. "We're concerned about consistency," he says.

As of mid-July, 43 trucking companies and 13 air carriers were in the program. Gibilaro says many carriers like knowing where they stand and how they might grab a bigger piece of AT&T's distribution business.

Originally, TQP measured carrier performance in four key areas: transit interval, loss and damage frequency, billing accuracy, and rates. The last item has been dropped from the equation because carriers can't make spot adjustments to national contracts. Instead, AT&T maintains a pricing index which is passed along to its routing departments. With price removed from the formula, other factors assume greater importance. Transit interval jumps from 50 to 70 points out of a possible total of 100. Loss and damage frequency is 15 points, and freight bill accuracy goes from 5 to 15 points.

AT&T plans on presenting its first-ever transportation quality awards to the top carrier in each of six categories: national truckload, regional truckload, national LTL, regional LTL, air cargo, and air express. If the best carrier in any category falls below "exceeds," no award will be given. In addition, the shipper will recognize all of the carriers that have reached the "overall excellence" category in the prior year. These are the vendors who can expect to be first in line when the next batch of contracts is signed.

With TQP still in the development stage, it's too early to quantify the program's impact on the company's bottom line, Gibilaro says. "But we have noticed a lot more attention paid by carriers. They're more concerned with such things as intervals, billing accuracy, loss and damage."

To grade carriers, AT&T must rely heavily on data supplied by the carriers themselves. Gibilaro says their information has proved to be timely and accurate—with discrepancies sometimes the fault of AT&T. An alleged late shipment, for example, might turn out to be caused by a delay in the filing of input data.

Some carriers initially were worried about the way in which AT&T calculates loss and damage claims. The figures are based on claims filed, not settled, so there's the possibility of an unfair score. (Exceeding a claims rate of 1 percent wins the carrier a big, fat zero.) But Gibilaro stresses that AT&T is willing to adjust for bad claims filings—assuming that the quality-minded shipper makes any.

—Robert Bowman

Write in 605 on Reader Service Card

Union Carbide

This is a kinder, gentler quality program. But don't get the wrong idea: recognition from this shipper doesn't come easy.

Some big shippers lay down the law in no uncertain terms: meet my standards, or take a walk. When it comes to recognizing quality carriers, these companies pick the top candidate in each category. It's a winner-take-all affair.

Union Carbide Corp. has a different approach. "It's not a Company A vs. Company B exercise," says Don A. Center, director of transportation, purchasing and services for Union Carbide Chemicals and Plastics Co. Inc. "If you can achieve the standards of Union Carbide, that's all we ask."

For the past five years, Union Carbide has had one of the chemical industry's most aggressive in-house Quality programs. Only recently has it begun to award suppliers for excellence. Center says it was a matter of extending internally developed standards and goals to outsiders. "We've acknowledged that positive recognition is important for our own people," he notes. "And we recognize that our success partially depends on our suppliers."

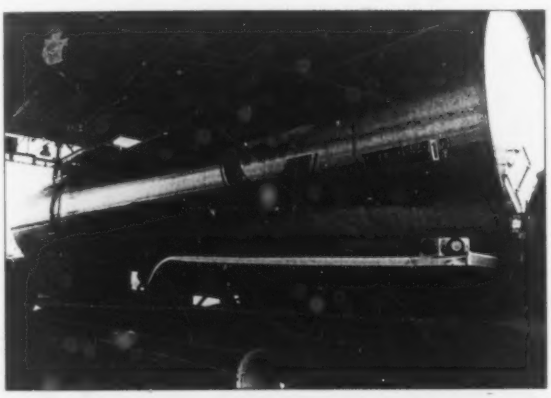
Union Carbide's 50 key carriers are measured against a dozen performance criteria, then placed in one of five categories: excellent (nearly always exceeds expectations), good (sometimes exceeds expectations), acceptable (meets requirements), poor (improvement needed), and unacceptable (performance consistently below requirements).

This summer, Union Carbide's first-ever Supplier Quality Awards were presented to a pair of ocean carriers: Independent Container Line of Richmond, Va., and Trailer Marine Transport of Jacksonville, Fla. They were the only two carriers of any mode to achieve the company's "excellent" rating.

Carriers are rated according to a wide range of objective and subjective criteria. In the first category are such factors as safety, on-time performance, customer complaints, documentation for international freight forwarders, loss and damage claims, billing accuracy, shipments accepted, and equipment suitability. Other elements are harder to quantify. These include the existence of a Quality process within the carrier's organization, management attitude, communications, EDI, pricing, responsiveness, tracing and shipment expediting.

To get a handle on these "soft" criteria, Union Carbide distributes a detailed questionnaire to internal traffic personnel. Carriers are rated by the Union Carbide managers with whom they deal on a daily basis.

The criteria vary according to mode. For example, ocean-going bulk carriers are rated on the quality of their chartering agents and marine terminal management. Freight forwarders and customs brokers must meet certain standards on documentation and regulatory compliance.



Some hazardous materials shippers demand that all of their carriers make it through the year with zero safety incidents. Union Carbide is a little more flexible than that. The company has a formula that allows for the fact that large carriers are more likely to experience a certain number of problems by sheer virtue of the volumes they handle. While no leaks or spills are considered acceptable, they're viewed in context.

In the case of tank trucks, for example, Union Carbide recently announced its intention to vacuum-test every vehicle presented for loading in order to eliminate a problem with faulty valves. "One leak out of 15,000 trucks is simply not good enough," Center says.

Carriers that fall into the "poor" or "unacceptable" categories aren't automatically cut loose. They may perform well on specific points and remain eligible for business at certain locations. The only way to lose Union Carbide's business is to display no evidence of a commitment to change. Low grades have varying effects. In one case, says Center, a carrier did nothing to improve performance over a three-month period and was disqualified. But a second carrier went from "unacceptable" to nearly "excellent," boosting its share of Union Carbide's business at a particular location from 5 percent to 35 percent over three years.

—Robert Bowman

Write in 606 on Reader Service Card

StorageTek

Experiencing a Chapter 11 reorganization has given this shipper a new appreciation for its quality process.

Storage Technology Corp. emerged from Chapter 11 reorganization in 1987 with a stricter attitude toward internal quality—and equally high expectations of its carriers.

Today, Louisville, Colorado-based StorageTek keeps extensive report cards on all of its carriers, giving out annual awards for service excellence in five categories. A sixth award honors the year's "best of the best."

The origin of the awards program dates back to the early 1980s, before its 1984 Chapter 11 filing. After getting its financial house in order, StorageTek placed a greater reliance on rating carriers. Part of the reason, says Staff Traffic Administrator Kirk Sarell, is that the company wanted to recognize suppliers that had stuck with it during tough times. "If they hadn't," he says, "we would have been in a world of hurt."

The first step in a meaningful awards program for carriers is figuring out what kind of service carriers are providing. StorageTek was surprised by some answers; it seems that end users weren't always telling the shipper when deliveries were late. "Some carriers we thought were doing well weren't nearly as good," says Paul Puttkammer, traffic operations manager. "They talked a good game."

To recognize the best, StorageTek devised an elaborate report card in five carrier categories. The main points of the grading system are pretty much standard: transit time, loss and damage, overall customer service. But StorageTek incorporates those details into a formula that leaves little room for guesswork. Electronics van lines, for example, are scored on such items as late pickup or delivery (or late confirmation of same), contact with carrier in hours prior to pickup, unauthorized pickup of machines, number of helpers on the scene, damage to units, "shock watch" status report, invoicing and communication of problems. Van lines get five points for a late pickup/delivery ratio of 1 percent or less, four points for up to 1.5 percent, three points for up to 2.2 percent, two points for up to 3 percent, one point for up to 4 percent, and zero points for anything greater. The same system of graduated scoring applies in other categories.

Last year's award winners were Atlas Van Lines and its agent, Golden Van Lines (best padded van carrier), Bob Martin Trucking (best local carrier), Burlington Air Express (best nationwide carrier), Schenkers International (best specialized air/international carrier), and freight broker Summit Transportation (best truckload carrier, as well as best overall carrier of the year).

"Hard" data such as on-time delivery and transit times tend to get weighted more heavily, Sarell says. Feedback from personnel on the shipping dock is less easy to quantify, so it assumes a supporting role in the final score.

Performance reviews are conducted monthly for padded vans, quarterly for "spares" carriers. With a maximum possible points in each category, StorageTek considers such things as driver effectiveness, invoicing, timeliness of settling claims, and carrier creativity in response to special requests. With bonus points for things like non-standard moves and a flawless on-time record, top carriers can actually score in excess of 100 percent. Summit Transportation turned in a total of 106 percent for the year's fourth quarter. It won extra points for working with StorageTek on a variety of specialized inbound logistics programs.

The complex grading system helps to narrow the stable of acceptable suppliers. Presently, StorageTek relies on just three padded van lines and 12 spare parts carriers for up to 98 percent of its domestic and international shipping needs.

Puttkammer cautions against measuring too much—a real pitfall in the data-obsessed world of quality controllers. At StorageTek, priority goes to factors for which information is available. "Sometimes the administration of the program outweighs its value," he says. "We avoid the high cost of looking at everything all the time."

—Robert Bowman

Write in 607 on Reader Service Card

Dow Chemical

Carriers hoping for preferred supplier status from Dow had better start now. The process takes two years, and no one's come close yet.

Dow has been handing out rail safety awards for 16 years, but its broader quality program, relating to all aspects of carrier service, is barely out of the blocks. "We don't have a carrier who's close to meeting our criteria," says Senior Traffic Manager Conrad Romanick.

"You have to set standards high in the chemicals industry," Romanick explains. That's exactly what Dow has been doing since 1975 with its Rail Safety Achievement Award. This year's winners, Consolidated Rail Corp. and Norfolk Southern Corp., handled more than 8 million and 5 million Dow railcar miles, respectively—without any damage to the customer's freight or equipment.

Recently Dow tightened up the eligibility requirements for the rail safety award. In addition to being one of the company's top 10 railroads in terms of volume, a carrier now must move more than 3 million loaded railcar miles for Dow each year. The reason for the additional rule, Romanick says, is that Dow's three biggest rail carriers handle significantly more product than those at the bottom of the top 10.

Dow checks out eligible railroads in three areas:

- Number of safety incidents per million Dow railcar miles traveled;
- Reporting of incidents to Dow and CHEMTREC, the 24-hour information hotline of the Chemical Manufacturers Association, and;
- A comprehensive safety program that embraces employee training, equipment inspection, track maintenance, regulatory compliance and overall operating safety.

The winners usually make it through the year with no safety incidents at all. Romanick concedes that Dow's formula is unfair to the largest railroads, who are statistically more likely to have at least one incident over their vast systems in the course of a year.

In fact, Union Pacific, which handles 6,000 cars a month out of two Dow plants on the U.S. Gulf Coast, has never won the award despite an impressive safety record. Norfolk Southern, a smaller vendor, has won 11 times in the past 15 years. "We've never been able to figure out a way to overcome that," Romanick says.

For purposes of the safety award, any damage to the shipper's equipment counts against the carrier, whether it's a $400 handrail or a totaled railcar. Dow's total quality measurement program, on the other hand, distinguishes between major and minor damage. Also, such things as billing errors and on-time deliveries are factored into the equation.

These days there are so many carrier awards around that it's hard to tell them apart, but Romanick says Dow's suppliers haven't become *blase*. Rail safety winners receive the ubiquitous plaque along with a $3,000 scholarship check for the child of an operating employee to the college of his or her choice.

Dow's overall quality measurement tool tracks day-to-day performance and is potentially more valuable to carriers. Dow develops a monthly report card on which its traffic managers rely at contract time. "We use it so that business doesn't just go to the guy with the best money offer," Romanick says. He's quick to add that Dow considers the program a partnership with carriers—not a device by which the big shipper merely dictates terms.

Dow plans to award special plaques to all of its qualified and preferred carriers. But the latter designation won't be easy to achieve. A carrier must meet stringent safety standards over a period of about two years. It must answer 85 questions regarding its internal quality effort, management systems and safety training program. From this exhaustive questionnaire, the carrier derives a performance "grade" which is audited by Dow. Romanick says at least two major railroads are currently working to meet the criteria.

Dow's short-term goal is to spend half of its distribution dollars with qualified or preferred carriers by 1993. Romanick says the number will probably never reach 100 percent. "For smaller carriers, it may not be worth the effort," he says.

—Robert Bowman

Write in 608 on Reader Service Card

Texas Instruments

TI has deftly arranged its recognition program to keep carriers focused on quality service rather than on winning awards.

Winning a Texas Instruments "Supplier Excellence Award" is no mean feat. Last year, fewer than 100 of the 15,000 vendors that TI uses worldwide received the honor. Only five transportation companies found themselves among this select group.

The process is especially difficult for carriers, explains Dirk Wilken, TI's domestic traffic manager for semiconductors. "The only way a carrier can win this award is to have a champion among TI's 15 domestic and 20 international traffic managers who is willing to nominate and defend it through the review process," says Wilken.

After a carrier is recommended, the nominating traffic manager presents supporting data to the corporate traffic council. The data includes objective criteria such as on-time performance, claims record, cost-effectiveness, level of commitment (amount of freight dollars spent with the carrier) and length of the relationship between TI and the carrier. The council also considers subjective criteria such as the degree of sales support, the quality of computer systems and the ease of doing business.

"Any domestic traffic manager on the corporate traffic council can disqualify a candidate," says Wilken. If the carrier makes it through this stage, its name is passed on to the corporate procurement council, which includes purchasing managers that source components and buy services of all types from 15,000 vendors worldwide.

This group reviews the nomination and also consults with all of TI's overseas locations to make certain that no manager disagrees with the nomination of the carrier. Any one of the 20 overseas traffic managers can also disqualify a candidate. The corporate procurement council then selects the final winners.

Carriers that won the 1990 TI Supplier Excellence Award include Consolidated Freightways, North American Van Lines—High Value Products Division, Atlas Van Lines, Concordia International and Airborne Express.

The selection process is intentionally difficult, says Wilken. "We want the award to create a benchmark for other carriers," he says, "so we must establish high standards."

The standards for the award are a moving target—one that is always moving higher. "When we present an award to a carrier, we stress the importance of continuous improvement. In fact, we tell them that winning creates a more difficult challenge for them than it does for carriers that did not win. We tell the carrier that the hurdle of performance will be raised next year, so that it will be difficult for them to repeat. Few do."

Airborne Express has won the award two out of the last three years, a feat no other carrier has achieved. Larry Horton, chairman of Texas Instruments' corporate traffic council, says the award to Airborne Express this year "exemplifies their continued ability to provide excellent service to multiple business entities of Texas Instruments."

TI is a major user of overnight air express for its lightweight commodities such as electronic components, calculators, learning aids, computer parts and business correspondence.

As the domestic overnight express carrier for TI, Airborne services 150 TI locations, handling approximately 22,000 to 25,000 packages per month. "Airborne's flexibility and special handling services have been a major benefit to TI," says Horton. "In particular, its electronic data interchange system has proven invaluable in tracing packages and streamlining our air express billing system."

TI has presented its supplier awards since 1982. The award is part of a company-wide program called TQC, for "total quality culture," a comprehensive process covering product quality, supplier performance and personnel performance—virtually all aspects of its business.

The supplier award program for carriers is especially important, says Horton. "The whole focus of TQC is on gaining control of the process by working with contractors early on."

—Thomas A. Foster

Write in 609 on Reader Service Card